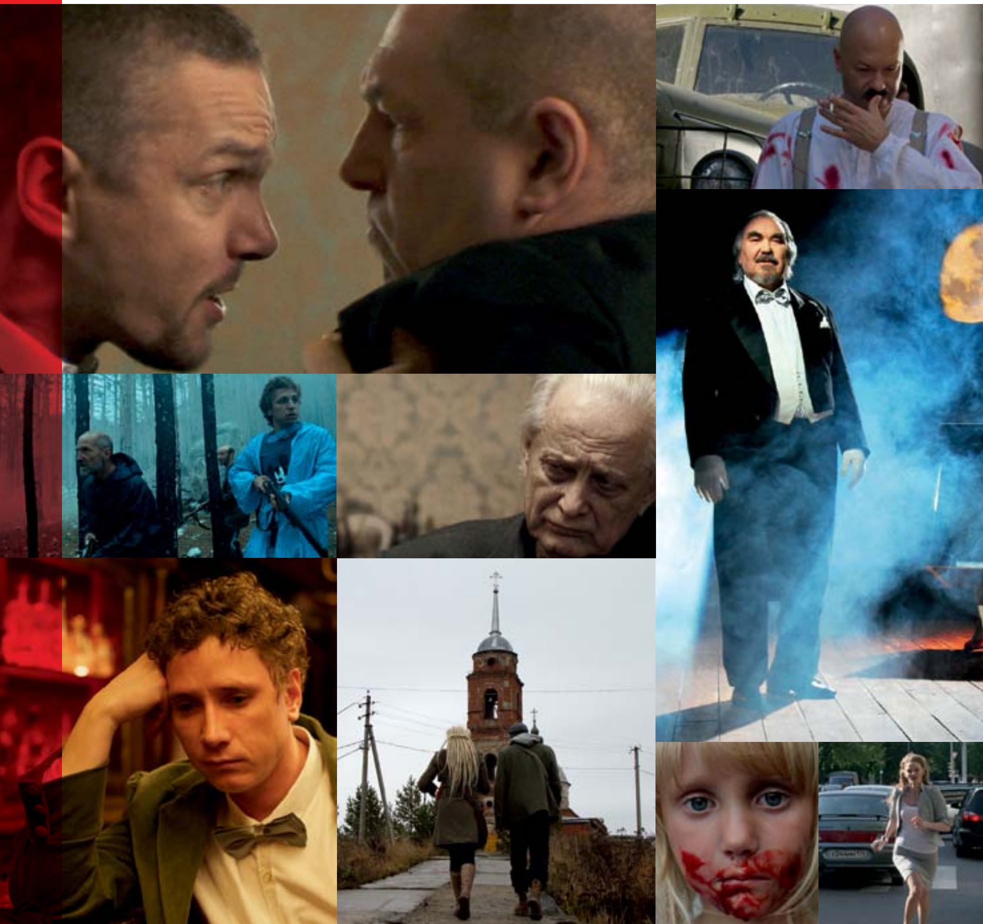
kinobook
the russian film industry review

2012



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kino book 2012

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Alexander Luzhin

State support for the film industry

In 2012, the mechanisms of state support for Russia's national film industry underwent further reform.

In March, the Russian Government approved the Culture of Russia Federal Target Programme for 2012–2018. On the film front, the programme contains one target: the share of Russian-made films in the total number of films distributed in the Russian Federation. The anticipated outcome of the programme is a 28% increase in the share of Russian-made films in the total number of films distributed within Russia by 2018.

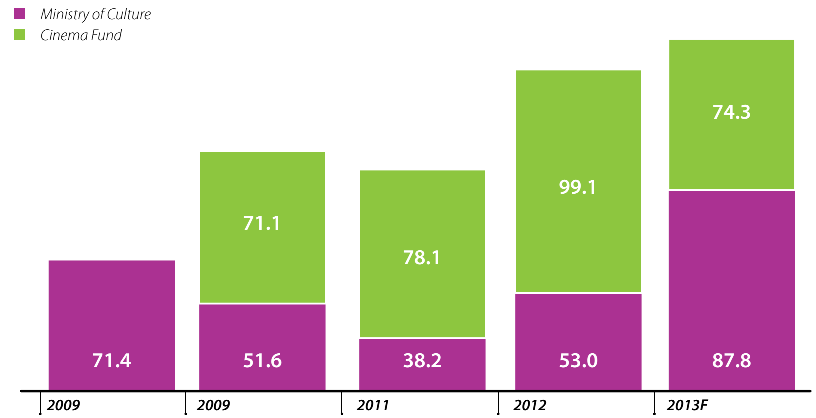
In order to improve the effectiveness of efforts to achieve annual goals, the following changes were introduced into the federal funding system for the film industry.

In June 2012, the Board of Trustees of the Federal Fund for Social and Economic Support of National Cinematography (the Cinema Fund) made a resolution to change the system of funding for Russia's leading film producers. Igor Tolstunov's Production Company (PROFIT) dropped out of the list of leading companies, but four new companies – Real-Dakota, Koktebel, Non-Stop Production, and Rock Films – joined the others from the previous year's list (Central Partnership, CTB Film Company, Studio Trite, Direktsiya Kino, TABBAK (Bazelevs), and Art Pictures Studio). Changes were made to the procedure for allocating funds to major companies. Whereas before, they were all eligible to receive equal funding, now, funds are designated for specific projects. Changes were also made to the principles for repayment of funds assigned for the production of films. Previously, leading companies had to pay back to the Cinema Fund 5% of the portion of revenue from the film proportionate to the Fund's contribution to the project's budget. Now, all co-productions, feature-length cartoons, and comedies are subject to a 25% return. Where the Fund provides support for distribution, the level of return has been increased to 50%.

In December 2012, due to the fact that the distribution results of domestic films were found to be unsatisfactory (their share of the box office was 15.5%, instead of 23.5%, as projected by the Culture of Russia Federal Target Programme for 2012–2018), a decision was taken to revise the approach to film production funding through the Cinema Fund. The key points of these revisions were as follows: an increase would be made in the proportion of funds allocated to filmmakers on a repayable basis; the Ministry of Culture would take away some of the Cinema Fund's independence by obtaining the right to have a say in the selection of projects funded by the Cinema Fund; and the Ministry of Culture would once again become wholly responsible for supporting and promoting Russian films abroad.

State support for cinema

(excluding capital investments and expenditure on film education), EUR million



Source: Ministry of Culture

Now, about two thirds of the funds to be distributed by the Cinema Fund will be allocated on a non-repayable basis to leading domestic film production companies, as well as to commercial projects by other companies, or used to subsidize interest rates on loans to be taken out to cover the costs of production. The list of projects financed on a non-repayable basis will be approved by the Cinema Fund's Board of Trustees by agreement with the Ministry of Culture.

About one third of the funds will be allocated to film productions on a repayable basis, using one of the following principles: 100% repayment of the funding, repayment from a portion of box office revenue proportionate to the share of the Fund's contribution to the overall budget of the project, or partial or full recovery of funds allocated by the Cinema Fund to support the film's distribution.

The Ministry of Culture will continue to subsidize films that meet the strategic objectives of the Russian Federation, as well as funding film festivals, contests, showcases, and international film production and film promotion activities.

Moreover, the ban was lifted on the receipt of funds for a single project from two sources – the Ministry of Culture and the Cinema Fund – but it should be noted that non-repayable financing may only be obtained from one source.

In 2013, federal spending on film production is expected to increase by 9% compared with 2012, from RUB 5.9767 billion (EUR 152.2 million) to RUB 6.5409 billion (EUR 162.1 million). Note that the majority of federal funding will be delivered to the film industry through the Ministry of Culture (54%), whereas in 2012 the Cinema Fund was the dominant source (65%).

The composition of the Government Council on the Development of the Russian Film Industry changed three times over the year, and since June has been chaired by Prime Minister Dmitry Medvedev. At the Council's meeting in September, a lively discussion took place on issues relating to the further development of the domestic film industry, selection of the most effective measures of federal support for domestic film production and distribution, and the problems of producing films for children and young people.

Following the appointment of new Minister of Culture of the Russian Federation Vladimir Medinsky, and his Deputy in Charge of the Film Industry Ivan Demidov, the Ministry of Culture began to actively develop a road map for the development of Russian cinematography. From the very beginning, the goal was not to draft a document for approval, but rather to put together an overarching plan to develop the industry, with an assortment of possible federal support and regulatory

measures, effective at certain stages of development. A wide range of representatives from the film community took part in the discussion of this road map.

In 2012, significant changes affecting the domestic film industry also occurred on the legislative front.

In July, changes were made to the Federal Law 'On Protection of Children from Information Harmful to Their Health and Development', according to which age-appropriate labelling of audiovisual content was introduced. Now, the age rating for each film is set by the copyright holders themselves, based on the standards set out by law, and information about the rating must be included in all promotional materials for the film.

In compliance with the federal law passed in November 2012, penalties were greatly increased for cinemas providing inaccurate information to the Federal Consolidated Automated Information System (CAIS) about films screened in those cinemas. The new penalties went into effect on 1 February 2013, which should solve the problem of film exhibition facilities largely neglecting to connect to the CAIS, and ensure that information on cinema tickets sold can be gathered in real time. In this case, the supply of information to both production companies and government bodies will be significantly improved.

Along with the two acts outlined above, in 2012, the attention of the film community was riveted on the discussions of regulatory federal policies such as the implementation of quotas and partial elimination of tax exemptions. Throughout the year, the impact of these measures on the development of the domestic film industry remained at the centre of heated debate, and was the subject of active discussion at the parliamentary hearings in May and the meeting of the Government Council on the Development of the Russian Film Industry in September. Industry experts argued that it would be Russian filmmakers themselves who would be the first to suffer as a result of the proposed measures: the quota would prompt the further withdrawal of young cinemagoers from cinemas to the Internet, and reduce the availability of festival films to domestic audiences.

However, before the New Year, two new bills were presented to the State Duma: one regarding the introduction of quotas (under which cinemas are required to fill at least 20% of their afternoon and evening schedules with domestic films), and the other dealing with the revocation of VAT benefits to cinemas for ticket sales for foreign-made films. The proposed bill met with a vehemently negative reaction among film industry professionals, but the process of parliamentary debate had been set in motion.

In 2012, the future of one of Russia's legendary film studios, Lenfilm, was further discussed[1].

Contrary to the predictions made in 2011 about the consequences of the reform of the Joint State Film Collection, it was merged with the Gosfilmfond, and its film holdings have not yet been handed over to the studios that produced the films. Discussions continue regarding the return to Lenfilm of the rights to its film collection.

[1] *For more information, see the Infrastructure section (p. 33).*

The Ministry of Culture of the Russian Federation

In 2012, the Ministry of Culture of the Russian Federation set aside RUB 2.0828 billion (EUR 53 million) for federal support of the film industry, which is 33.2% higher than in 2011 (RUB 1.5631 billion, or EUR 38.2 million). Over the course of the year, 612 films were released, including 35 feature-length films, two narrative newsreels, 447 documentaries, and 130 animated films (including one feature-length animation). This is somewhat fewer than in 2011 (640 released titles), and the number of narrative feature-length films decreased significantly, by 18 films: in other words, by more than a third.

Typically, films supported by the Ministry of Culture are of the art house variety (whereas major commercial films are financed through the Cinema Fund), and are released in a limited number of prints.

Cinema Fund

In 2012, the Fund subsidized 117 films by 74 film companies, thus funding almost 60% more projects than in 2011. The total amount of support came to RUB 3.8939 billion (EUR 99.1 million), exceeding last year's figures

Films with wide releases in 2012 (more than 150 prints) created with the support of the Ministry of Culture of the Russian Federation

Title	*Film company*	*Release date*	*Number of screens*	*Admissions (thousands)*	*Box office returns (million)*	
					RUB	*EUR*
Shpion *[Spy]*	*Nikita Mikhalkov's Studio Trite*	*05.04.2012*	*1,039*	*599.7*	*128.9*	*3.28*
White Tiger	*Mosfilm Film Concern*	*03.05.2012*	*525*	*546.6*	*101.1*	*2.58*
Stalnaya babochka *[Steel Butterfly]*	*Real-Dakota*	*01.11.2012*	*349*	*181.3*	*36.0*	*0.92*
Dukhless *[Soulless]*	*Art Pictures Studio*	*04.10.2012*	*687*	*1,865.3*	*415.9*	*10.59*

Source: Ministry of Culture of the Russian Federation, Booker's Bulletin, MRC

by 21.8%. Due to the growing number of leading domestic film companies, total funding allocated for their support has likewise increased: from RUB 1.75 billion (EUR 42.4 million) to RUB 2.245 billion (EUR 57.2 million), including RUB 486.7 million (EUR 12.4 million) to support distribution. However, unlike in the previous year, in 2012, the funds were not distributed equally among these leading producers, but rather in accordance with the projects proposed by the companies. Throughout the year, 30 feature films and three animated films received production support, and nine features and two animated films received distribution support.

The Cinema Fund dispensed RUB 1.4821 billion (EUR 37.7 million) in funding to support socially significant projects, which is 8% more than last year. This funding was allocated to 65 companies, including 20 animation studios, towards the production of 40 feature films and 23 animated films, as well as the distribution of 14 feature films and one animated film. Among the projects supported by the Cinema Fund, nine were co-productions.

Films by leading domestic companies made with the support of the Cinema Fund and released in 2012

№	Title	Film company	Release date	Number of screens	Admissions (thousands)	Box office returns (million)	
						RUB	EUR
1	**Kamen** [The Stone]	TABBAK	19.01.2012	745	663.4	128.9	3.28
2	**Dom na obochine** [The Roadside House]	Nikita Mikhalkov's Studio Trite	09.02.2012	82	5.2	0.7	0.02
3	**Shpion** [Spy]	Nikita Mikhalkov's Studio Trite	05.04.2012	1,039	599.7	135.4	3.45
4	**Match***	Rekun Cinema	01.05.2012	746	318.9	64.7	1.65
5	**Nebesnyy sud** [Judgment Day]	Central Partnership	31.05.2012	8	0.5	0.2	0.00
6	**Vozhd Raznokozhikh**	Rekun Cinema	30.08.2012	176	30.7	5.7	0.15
7	**Zhit** [Living]	Koktebel	30.08.2012	28	17.5	3.7	0.09
8	**Dukhless** [Soulless]	Art Pictures Studio	04.10.2012	687	1,865.3	415.9	10.59
9	**Ulanskaya ballada** [1812. Ballad of the Uhlans]	Central Partnership	01.11.2012	805	185.8	37.7	0.96
10	**Stalnaya babochka** [Steel Butterfly]	Real-Dakota	01.11.2012	349	181.3	36.0	0.92
11	**Dzhungli** [Jungle]	CTB Film Company	29.11.2012	1,386	1,532.2	370.8	9.44
12	**Ya tozhe khochu** [Me Too]	CTB Film Company	13.12.2012	128	29.8	6.9	0.18
13	**Dzhentlmeny, udachi!** [Gentlemen of Fortune 2]	TABBAK	27.12.2012	1,400	1,374.7	302.1	7.69
14	**Three Heroes on the Distant Shores**	CTB Film Company	27.12.2012	1,600	4,093.4	949.7	24.19
15	**Snezhnaya koroleva*** [The Snow Queen]	WizArt, TABBAK	31.12.2012	1,300	1,123.5	233.3	5.94
	Total			**5,140**	**12,021.9**	**2,691.6**	**68.55**

Source: Cinema Fund, Booker's Bulletin, MRC

* These films also received Cinema Fund support as socially significant films

Films with socially significant content in distribution in 2012 that received support from the Cinema Fund

№	Title	Film company	Release date	Number of screens	Admissions (thousands)	Box office returns (million)	
						RUB	EUR
1	**Faust**	ProLine Film	09.02.2012	130	100.0	23.3	0.59
2	**August. Eighth**	Glavkino and DAGO Studio	23.02.2012	1,467	1,490.0	295.9	7.54
3	**Samoubiytsy** [Suicides]	Strizh & Co. Media	01.03.2012	431	284.0	57.4	1.46
4	**White Tiger**	Mosfilm Film Concern	03.05.2012	525	546.6	101.1	2.58
5	**Skazka. Est**	Movie Pro	13.09.2012	259	52.9	7.7	0.20
6	**The Horde**	Orthodox Encyclopedia Cultural Fund	20.09.2012	539	401.5	86.3	2.20
7	**Elephant**	Ladya Film Company	04.10.2012	35	6.8	0.9	0.02
8	**Anton's Right Here**	Masterskaya Seance	11.10.2012	15	4.0	0.6	0.02
9	**Lyubov s aktsentom** [Love with an Accent]	Nezavisimy Kinoproekt	11.10.2012	602	353.2	79.4	2.02
10	**Poka noch ne razluchit** [Until the Night Separates Us]	Kinometr	11.10.2012	100	29.6	6.9	0.18
11	**Poslednyaya skazka Rity** [Rita's Last Fairy Tale]	Volga	18.10.2012	83	61.8	15.0	0.38
12	**Expiation**	Kinomir	01.11.2012	70	6.3	1.2	0.03
13	**Betrayal**	Studio Slon	01.11.2012	120	75.6	18.3	0.47
14	**Rasskazy**	RUmedia	15.11.2012	182	110.0	25.8	0.66
15	**In the Fog**	GP Cinema Company	22.11.2012	16	1.3	0.3	0.01
	Total			**3,107**	**3,523.6**	**23.3**	**0.59**

Source: Cinema Fund, Booker's Bulletin, MRC

In 2012, 15 films by leading production companies went into distribution (the same as in the previous year), grossing RUB 2.6916 billion (EUR 68.6 million), and 15 socially significant films (compared with seven films in the previous year), grossing RUB 720.3 million (EUR 18.3 million). Of these, two projects receiving support as socially significant were released by the leading companies with a box office gross of RUB 298.0 million (EUR 7.6 million). During the 2010–2012 period, the Cinema Fund extended financial support to 75 projects by the leading companies, of which 32 were distributed, grossing RUB 7.1258 billion (EUR 181.5 million) in total.

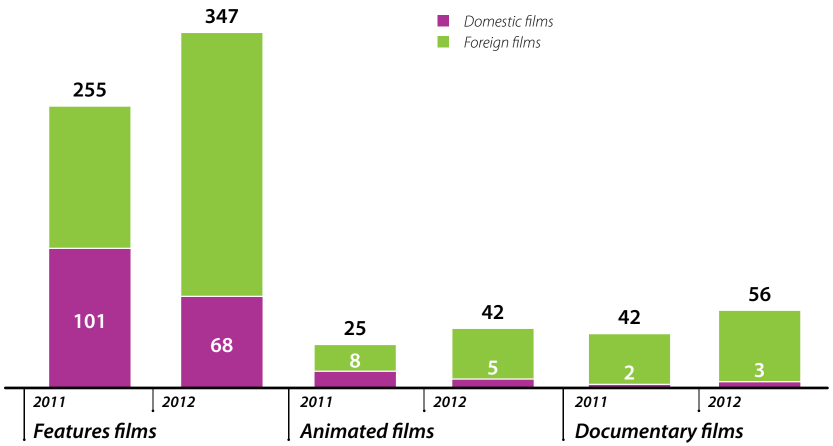
In 2012, the Cinema Fund allocated RUB 166.8 million (EUR 4.2 million) for the promotion of Russian films through participation in film festivals and film markets, which is more than double the sum for the previous year. These funds were used to support 34 events, such as film festivals in Russia, week-long showcases of Russian films abroad, and participation of Russian films in international festivals and film markets.

The National Film Registry

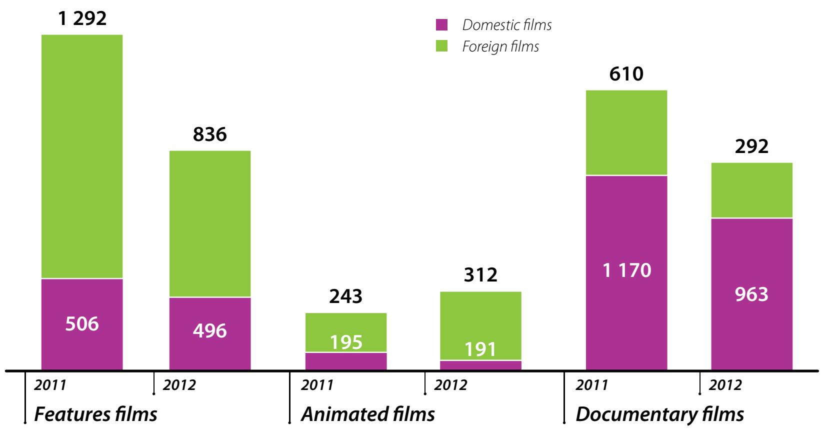
In Russia, a distribution licence is required for public exhibition (except at festival screenings) of all audiovisual works (cinema and video releases). Films that have received such a licence are entered into the National Film Registry. In recent years, the number of distribution licences issued per year has been on the decline. For example, in 2012, 3,611 distribution licences were issued, which comprises 81% of the number of licences issued in 2011 and 61% of those issued in 2010.

Films on video have driven this trend, with the total number of distribution licences in this category dwindling from 5,394 in 2010 to 3,090 in 2012. During this period, the number of distribution licences received by foreign feature and documentary films decreased more than twofold, and the number for domestic documentaries almost twofold. One explanation for this trend may be a decline in consumers' interest in purchasing audiovisual products on physical media (DVD and Blu-ray) in favour of viewing films online.

Distribution certificates issued for theatrical release in 2011–12



Distribution certificates issued for video release in 2011–12

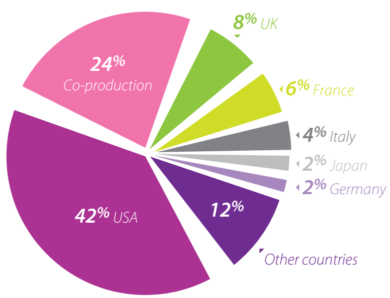


Source: Ministry of Culture

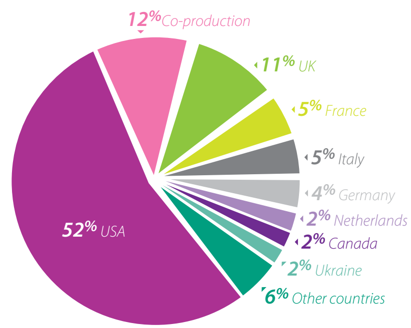
At the same time, in 2012, the number of licences issued for the distribution of films in cinemas increased substantially compared with 2011, by more than 20%. Note that this increase is due solely to foreign films; the number of domestic films decreased. The number of domestic feature films receiving distribution licences has been in decline for the past three years, dropping by more than 36% in the last year alone. However, this trend has not led to a reduction in the number of domestic films in distribution.

As in previous years, films from the United States accounted for the largest number of distribution licences obtained. However, their share in the total volume of foreign films somewhat decreased (from 49% to 42% for films in cinemas and from 54% to 52% for films on video). The share of French and German films has decreased significantly (for French films from 17% to 6%; and from 6% to 4% for German films), whilst the number of co-productions has increased.

Countries of origin of foreign theatrical releases receiving Russian distribution certificates in 2012

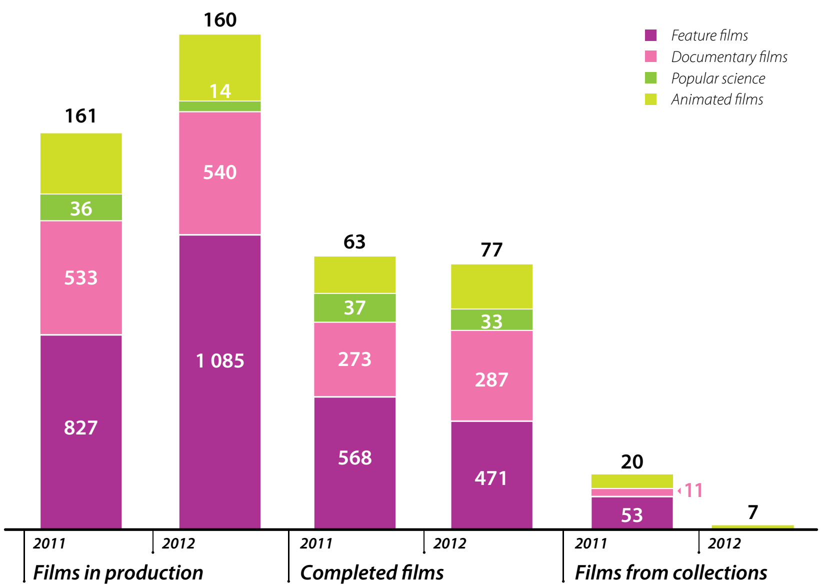


Countries of origin of foreign video releases receiving Russian distribution certificates in 2012



Source: Ministry of Culture

National film certificates issued in 2011–12



Source: Ministry of Culture

A Certificate of National Film entitles the producer to tax benefits; therefore almost all companies producing films that satisfy the requirements for a national film obtain this certificate. In 2012, the number of Certificates of National Film issued increased by 3.6% compared with 2011. Notably, the number of certificates issued to films in production continues to grow (increasing by 15% in 2012), with particularly high rates seen among feature films, testifying to the expansion of production. It should be noted that the ratio of distribution licences to Certificates of National Film issued in the last three years has been on the decline, which may be an indication that an increasing number of films are produced exclusively for television exhibition.

Film and TV production

Alexander Luzhin

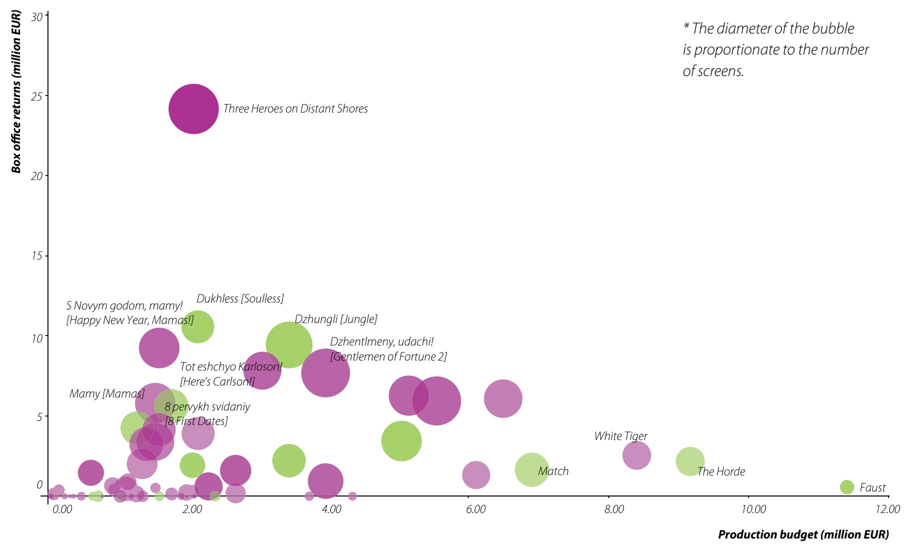
Films

Russian films

In 2012, 80 Russian-made films went into distribution in Russia, the highest number in the past five years. Analysis of the budgets of Russian films reported in open sources (71 films, including some co-productions) showed a decrease of almost 50% in the average production budget since last year: RUB 97.0 million (EUR 2.5 million) in 2012, compared with RUB 198 million (EUR 4.9 million) in 2011. Two factors account for this trend: firstly, more productions made their budget figures available (and most of those were low-budget films), and, secondly, in 2012, the maximum production budget decreased significantly compared with the previous year. August. Eighth had the biggest costs, with a production budget of RUB 570 million (EUR 14.52 million), which is about a third of the budget of the most expensive film in production last year, The Fifth Execution. The film 1210 had the smallest of all known budgets in 2012: RUB 0.8 million, or EUR 40,000. Thus, in 2012, the most expensive film cost 72.6 times more than the cheapest one, compared with a gap of 1,125 times between the most and least expensive films in 2011.

As was the case in previous years, most Russian films did not recoup their costs at the box office; however, the number of films with box office receipts from distribution in CIS countries (excluding Ukraine) that exceeded their budgets increased to 20 (compared with nine the year before). The most successful film of 2012 in terms of the ratio of box office receipts to budget was the latest instalment in a series of animated films about three heroes, Three Heroes on Distant Shores (a CTB Film Company and Melnitsa Animation Studio production), which was also the highest-grossing Russian film of 2012. S Novym godom, mamy! [Happy New Year, Mamas!] (an Enjoy Movies production) and Dukhless [Soulless] (an Art Pictures Studio and Kinoslovo production) also ranked highly at the box office. Then came Mamy [Mamas] (Enjoy Movies), Nyanki [Nannies] (Enjoy Movies), 8 pervykh svidaniy [8 First Dates] (GorAd and Leopolis), Na Baykal [On Lake Baikal] (Cinema +), Dzhungli [The Jungle] (CTB), Tot eshchyo…! [Here's Carlson!] (Enjoy Movies), Solovey-Razboynik [Nightingale the Robber] (Ortodoks), Poslednyaya skazka Rity [Rita's Last Fairy Tale] (Litvinov and Ramazanov), Samoubiytsy

Correlation of reported budgets and box office returns for 71 Russian films in cinemas in 2012



Source: open source publications, company data, Booker's Bulletin, MRC

[Suicides] (Ortodoks), Kamen [The Stone] (Skarabey-Film, Slava-Cinema, Bazelevs), and Muzhchina s garantiey [Man with a Guarantee] (Enjoy Movies). The box office receipts for all of these films were at least twice as high as their respective budgets.

The biggest commercial failures in terms of the ratio of box office gross to budget were the following projects: Esli by da kaby [If wishes were horses], Konvoy [The Convoy], Bagrovyy tsvet snegopada [Crimson Snowfall], In the Fog, Nebesnyy sud [Judgment Day], 4 Days in May, Voin.com, and Grazhdanin poet.

Top 20 Russian production companies

№	Production company	Number of prints	Number of viewers, thousands	Box office returns (millions) RUB	Box office returns (millions) EUR	Films released in 2012
1	Enjoy Movies	4,615	5,907.9	1,202.5	30.6	**1. S Novym godom, Mamy!** [Happy New Year, Mamas!] **2. Tot eshchyo…!** [Here's Carlson!] **3. Mamy** [Mamas] **4. Nyanki** [Nannies] **5. Muzhchina s garantiey** [Man with a Guarantee]
2	CTB Film Company	3,252	5,723.4	1,344.2	34.2	**1. Three Heroes on Distant Shores** **2. Dzhungli** [Jungle] **3. Kokoko** **4. Ya Tozhe Khochu** [Me Too] **5. Anton's Right Here**
3	Melnitsa Animation Studio	1,600	4,093.4	949.7	24.2	**Three Heroes on Distant Shores**
4	Bazelevs	3,773	3,161.6	664.3	16.9	**1. Dzhentlmeny, udachi!** [Gentlemen of Fortune 2] **2. Snezhnaya koroleva** [The Snow Queen] **3. Kamen** [The Stone]
5	Leopolis	1,683	1,954.9	461.5	11.8	**1. Rzhevskiy protiv Napoleona** [Rzhevsky vs. Napoleon] **2. 8 pervykh svidaniy** [8 First Dates]
6	Art Pictures Studio	687	1,865.3	415.9	10.6	**Dukhless** [Soulless]
7	Kinoslovo	687	1,865.3	415.9	10.6	**Dukhless** [Soulless]
8	HAPPY END	1,386	1,532.2	370.8	9.4	**Dzhungli** [Jungle]
9	Glavkino	1,467	1,490.0	295.9	7.5	**August. Eighth.**
10	DAGO Studio	1,467	1,490.0	295.9	7.5	**August. Eighth.**
11	Triada Films	1,022	1,143.6	246.7	6.3	**Brigada: Naslednik** [The Brigade: The Heir]
12	WizArt Film	1,522	1,123.5	233.3	5.9	**Snezhnaya koroleva** [The Snow Queen]
13	GorAd	743	1,036.2	221.8	5.6	**8 pervykh svidaniy** [8 First Dates]
14	Ortodoks	1,139	815.6	221.5	5.6	**1. Solovey-Razboynik** [Nightingale the Robber] **2. Samoubiytsy** [Suicides]
15	Sreda Film	697	777.9	155.1	3.9	**Zolushka** [Cinderella]
16	Paradise Productions	1,033	675.3	139.1	3.5	**1. Moy paren – angel** [My Guy the Angel] **2. Ot Vinta 3D**
17	Slava Film	745	663.4	128.9	3.3	**Kamen** [The Stone]
18	Studio Trite	1,121	603.4	136.1	3.5	**1. Shpion** [Spy] **2. Dom na obochine** [The Roadside House]
19	VGTRK	1,039	599.7	135.4	3.4	**Shpion** [Spy]
20	Mosfilm	525	546.6	101.1	2.6	**White Tiger**

Source: open source publications, company data, Booker's Bulletin , MRC

Progon goda [Citizen Poet. Run of the Year], which all grossed less than one percent of their respective budgets. When assessed using the same criterion, none of the most expensive Russian motion pictures of 2012 – Faust, The Horde, and White Tiger – can be called box office successes. In fact, none of the 10 projects with the largest budgets of the year managed to recoup their costs at the box office.

By the number of films released in 2012, Enjoy Movies and CTB Film Company are in the lead, with five releases each. Bazelevs (TABBAK) turned out three films. Of all production companies, CTB Film Company had the highest gross at the box office in 2012, by a small margin exceeding that of Enjoy Movies, whereas the latter ranked the highest in terms of the number of cinemagoers who saw its films. Melnitsa Animation Studio came in third, releasing a single film, but one that ended up being the highest-grossing film of the year, produced in conjunction with CTB Film Company.

Co-productions

According to the Federal Register of Distribution Certificates, four co-productions were in theatrical distribution in Russia during 2012. However, the media noted four other films made in partnership with foreign producers: Rzhevskiy protiv Napoleona [Rzhevsky vs. Napoleon], I'll Be Around, Match (made in partnership with Ukraine), and Faust (with the participation of Germany, the US, France, Japan, the UK, and Italy).

Russian co-production projects in domestic distribution in 2012

Title	***Distributor***	***Release date***	***No. of prints***	***No. of viewers, '000***	***Box office returns (millions)***		***Countries of origin***
					RUB	***EUR***	
In the Fog	*GP Group*	*22.11.2012*	*15*	*1.3*	*0.3*	*0.01*	*Germany/Netherlands/ Belarus/ Russia/ Latvia*
Moskva 2017 *[Branded]*	*Caroprokat*	*07.09.2012*	*912*	*616.1*	*126.4*	*3.22*	*US/Russia*
Snezhnoye show *[Snow Show]*	*Drugoe Kino*	*28.06.2012*	*45*	*4.9*	*1.1*	*0.03*	*France/Russia*
4 Days in May	*Paradise Productions*	*16.02.2012*	*56*	*7.1*	*1.1*	*0.03*	*Russia/Germany/ Ukraine*

Source: open source publications, company data, Booker's Bulletin , MRC

Zinaida Shumova

TV series and TV films

In terms of total airtime devoted to serial television in 2012, the Russian TV series and TV film market remained at the level of 2011, but the number of long-running series (26 episodes or more) significantly decreased (by nearly 18%) compared with last year. The number of shorter, more expensive series increased proportionately. This is a direct result of the stiff competition that the Russian TV market is facing, seeking to evolve while fighting hard not to lose its audience.

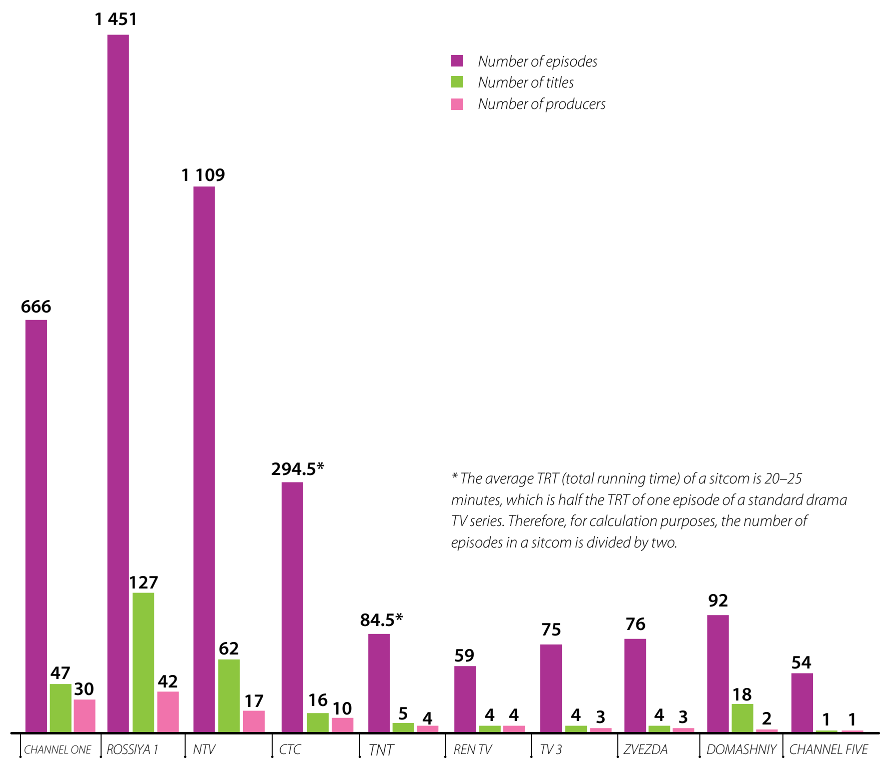
Of all the TV channels, only NTV continues to increase its volume of premiere serial content every year, retaining roughly the same audience share as in 2009–2011 (14.8% of 18+ age-level viewers nationwide). In the cases of the other major channels (Channel One, Rossiya 1, CTC), declining audiences are preventing them from being able to augment their premiere content.

Under these conditions, all players are struggling to increase the quantity of premiere content as well as the quality of their shows. Hence the main trend evident in 2012 was a sharp increase in short television series, which tend to be more vibrant and dynamic than soap operas.

To maintain its output of TV series, the television production industry in Russia needs to reach a new level of development, which is in line with global trends. Industry experts are confident that higher-quality series will meet with a more enthusiastic response from audiences. Today's savvy Russian viewer is less keen on watching a poorly made series with a lacklustre cast and flat set design. At the same time, it is clear that the push for better quality will have to be executed without an increase in production costs, as that is the only way to maintain the same volume of premiere airtime. The success of this undertaking depends on such critical factors as meticulous script development, integration of strong potential for plot development in subsequent seasons, and generation of rerun libraries.

In 2012, the industry began working on new youth-oriented genres. The success of Zakrytaya Shkola [The Private School] on CTC and a number of experimental shows on Channel One (Grach [Rook], Nemnogo ne v sebe [In the Wrong Skin]) has shown that such series attract new audiences to the channels. This is why 2012 saw a whole arsenal of sci-fi thrillers go into production, including Pyataya Strazha [The Fifth Guard] (TV3), Moimi glazami [Through

Total number of episodes of first-run series and TV films broadcast on national television channels in 2012



Source: Television schedules, company data, data gathered from Kino-Teatr.ru

My Eyes] (TNT), Tayniy gorod [The Secret City] (REN TV), Skhvatka [The Battle] (Channel One), Posrednik [Mediator], Angel ili Demon [Angel or Demon], and Vyzhit Posle [Surviving] (CTC).

Producers of premiere series and TV films, ranked by volume of broadcasts on national television channels in 2012

№	Company	Number of episodes	Number of series	Clients	Share, %
1	Star Media	567	38	Channel One, Rossiya 1, NTV, REN TV, Domashniy	15
2	Forward Film	286	18	NTV, Rossiya 1, Zvezda	7
3	Garmonia	230	1	Rossiya 1	6
4	TeleAlliance Media Group	188	3	Channel One, Channel Five	5
5	3X Media Group	158	20	NTV	4
6	Russian World Studios	150	11	Channel One, Rossiya 1	4
7	YBW Group	148	6	Channel One, CTC, Domashniy	4
8	Russkoe	123	16	Rossiya 1	4
9	Studio 2B	120	3	NTV	3
10	Weit Media	118	8	Channel One, REN TV	3
11	Dixi Media	112	4	NTV	3
12	Motor Film Studio	90	5	Rossiya 1, NTV	2
	Other	1 550	156	Channel One, Rossiya 1, NTV, CTC, TNT, REN TV, TV3, Zvezda	40
	Total	**3 840**	**289**	**Channel One, Rossiya 1, NTV, TNT, REN TV, TV3, Domashniy, Zvezda**	**100**

Source: Television schedules, company data, data obtained from Kino-Teatr.ru

Producers of premiere long-running series (more than 26 episodes), ranked by volume of broadcasts on national television channels in 2012

№	Company	Number of episodes	Number of series	Clients	Share, %
1	Star Media	263	3	Rossiya 1, NTV	17
2	Garmonia	230	1	Rossiya 1	15
3	TeleAlliance Media Group	188	3	Channel One, Channel Five	12
4	YBW Group	104	1	Channel One, CTC	7
5	Studio 2B	96	1	NTV	6
6	Weit Media	78	2	Channel One, REN TV	5
7	Amedia	74	1	CTC	5
8	Dixi Media	64	2	NTV	4
9	Russian World Studios	60	1	Channel One	4
10	Videoryad	60	1	Rossiya 1	4
	Other	338	14	Channel One, Rossiya 1, NTV, TNT, CTC	21
	Total	**1 555**	**30**	**Channel One, Rossiya 1, NTV, TNT, CTC, REN TV, Channel Five**	**100**

Source: Television schedules, company data, data obtained from Kino-Teatr.ru

Producers of premiere short series (8–26 episodes), ranked by volume of broadcasts on national television channels in 2012

№	Company	Number of episodes	Number of series	Clients	Share, %
1	Star Media	252	15	Channel One, Rossiya 1, NTV, REN TV	13
2	Forward Film	244	14	Rossiya 1, NTV, Zvezda	13
3	Russkoe	97	6	Rossiya 1	5
4	3X Media Group	96	4	NTV	5
5	Russian World Studios	88	9	Channel One, Rossiya 1	5
6	Gamma Production	56	3	NTV	3
7	Studiya Russkiy Proekt	52	4	Channel One	3
8	2Plan2	51	3	TV3, REN TV	2
9	Igor Tolstunov Production Company (PROFIT)	50	2	Channel One, Zvezda	2
	Other	947	74	Channel One, Rossiya 1, NTV, TNT, CTC, REN TV, TV3, Domashniy, Zvezda	49
	Total	**1 933**	**133**	**Channel One, Rossiya 1, NTV, TNT, CTC, REN TV, TV3, Domashniy, Zvezda**	**100**

Source:Television schedules, company data, data obtained from Kino-Teatr.ru

Producers of premiere TV films (1–4 episodes), by volume of broadcasts on national television channels in 2012

№	Company	Number of episodes	Number of series	Clients	Share, %
1	Star Media	52	20	Rossiya 1, Domashniy, NTV	15
2	Mediaprofsoyuz	44	15	Rossiya 1	13
3	Fabula	36	10	Rossiya 1	10
4	3X Media Group	30	15	NTV	9
5	Russkoe	26	10	Rossiya 1	7
	Other	164	56	Channel One, Rossiya 1, NTV	46
	Total	**352**	**126**	**Channel One, Rossiya 1, NTV, Domashniy**	**100**

Source:Television schedules, company data, data obtained from Kino-Teatr.ru

TV film and series producers

According to the 2012 data, it is clear that the market leaders today generate only 60% of all premiere content, while in 2008–2009, major players still controlled 85% of the sector. The number of content producers is growing, while channels are establishing collaborative relationships with new partners. Companies with ten-year histories now have to compete with emerging producers.

These new companies are particularly active in the production of short series and TV films. Major players account for only half of this sector of the market. The more demanding process of creating long series with extended plots so far remains the preserve of a small group of seasoned producers.

The uncontested leader in 2012 was the Russian–Ukrainian company Star Media, founded in 2006. Prior to founding Star Media, the company's main shareholder and producer, Vlad Ryashin, was General Director of the Ukrainian TV channel Inter. The company has retained its number one status since 2011.

All other leading content producers – Forward Film, Garmonia, Russian World Studios, YBW Group, Studio 2B, Russkoe, Motor Film Studio – were founded and are currently run by Russian producers. YBW Group and 3X Media Group have been on the market for only a few years. Russkoe and Motor Film Studio, on the other hand, have been around for ten years. Previously, Russkoe specialized exclusively in producing TV films for the Rossiya 1 TV channel.

Nowadays, Rossiya 1 also commissions the studio to shoot TV series. The content of this channel is very popular with its audience. For example, in 2012, the audience share for the weekend premiere Gyulchatay reached 30%, which by today's standards is a real event on the TV market.

The top 12 also includes TV companies backed by foreign capital. Swedish television holding Zodiak TV maintains a controlling interest in TeleAlliance Media Group and Dixi Media. Ranking consistently high among the largest producers is Russian World Studios, controlled by the Sistema conglomerate through its subsidiary Sistema Mass Media.

The main source of revenue (70%) for large consolidated producers comes from their premiere content, with the remaining 30% coming from re-runs.

Ekaterina Dodonova

Infrastructure

The main events of 2012 in the film production services market were the opening of a new studio complex at Glavkino, the closing of the Moscow pavilions of Russian World Studios, and the change of management at Lenfilm.

Glavkino was founded in 2008 by Fyodor Bondarchuk and Ilya Bachurin, later adding Konstantin Ernst to its founders. The company's primary objectives include shooting pictures of national importance, supporting young filmmakers, creating conditions conducive to the growth of the film industry, and attracting foreign projects to Russia. Glavkino consists of an eponymous film and television complex, a production company, a script lab, production facilities, post-production facilities, and a film and TV content distribution arm. Currently, premises spanning 22,000 square metres of floorspace are ready for use, including all the sound stages. Among its facilities, Glavkino boasts Sound Stage No. 4, the largest in Eastern Europe, at 3,107 square metres, with 24-metre-high ceilings. Furthermore, Glavkino is the largest film studio in Russia in terms of the total area of its sound stages, with 12,000 square metres in all.

In September 2012, public hearings on the future of Lenfilm took place. Based on heated discussions, the Board of Directors drafted a general plan of action, calling for the conversion of the studio complex into a production centre that will bring in orders and supply productions with equipment and sound stages. Fyodor Bondarchuk became the new chairman of the Board of Directors, while Eduard Pichugin was appointed CEO. The plan to save the studio involves attracting more than RUB 1.5 billion (EUR 40 million) in investment. The Russian Government adopted a resolution establishing the ground rules for federal guarantees for the loans needed to reform, re-fit, and modernize the studio.

In August 2012, Russian World Studios (RWS) closed its Moscow facility, which was located on land leased from the ZIL plant. RWS retained its own state-of-the-art studio complex in St. Petersburg, so all of the company's film and TV production activities are now concentrated in that city.

Currently, 10 major production complexes with a combined area of more than 100 hectares are operating in Russia. They include 77 sound stages with a total area of more than 40,000 square metres. In addition, private sound stages, located mainly in former factories, are also used to shoot feature films.

Russia's major film studios, 2012

Rank	Studio	Website	Location	Number of sound stages	Area of sound stages, sq.m.				Number of outdoor locations	Number of chroma keys
					under 400	400–800	800–1000	>1000		
1	*Media City*	*amediastudio.ru*	*Moscow*	*16*	*3*	*7*	*4*	*2*	*1*	*2*
2	*Mosfilm*	*mosfilm.ru*	*Moscow*	*13*	*4*	*3*	*3*	*3*	*3*	*1 fixed*
3	*My Studio*	*mystudio.su*	*Moscow*	*11*	—	*2*	*3*	*6*		
4	*Glavkino*	*glavkino.ru*	*Moscow*	*10*	*5*		*1*	*4*		*1*
5	*Centre of National Film and Lennauchfilm*	*cnf.ru, lennauchfilm.ru*	*Moscow and St. Petersburg*	*9*	*5*	*4*	—	—	*1*	*2*
6	*Russian World Studios*	*rwstudios.ru*	*St. Petersburg*	*6*	*2*	*4*	—	—	—	*1*
7	*Gorky Film Studio*	*gorkyfilm.ru*	*Moscow*	*5*	—	*4*	—	*1*		*1*
8	*Lenfilm*	*lenfilm.ru*	*St. Petersburg*	*3*	—	*2*	*1*	—	—	*1*
9	*Sverdlovsk Film Studio*	*sverdlovskfilmstudios.com*	*Yekaterinburg*	*2*	—	*2*	—	—	—	*2*
10	*St. Petersburg Documentary Film Studio*	*cinedoc.ru*	*St. Petersburg*	*2*	*1*	*1*	—	—	—	—
	Total			***77***	***20***	***29***	***12***	***16***	***5***	***11***

Source: company data, MRC

Services provided by Russian film studio complexes

№	Title	Form of ownership	Range of services provided
1	Media City	private	Sound stages, rental of film equipment and props, set construction, editing, audio post production
2	Mosfilm	state	Sound stages, rental of film equipment and props, set construction, film processing lab, editing, CGI, film printing, audio post production, digital lab (DCP, KDM), telecine, production vehicles (process vehicles for camera and lighting, makeup trailers, talent trailers)
3	My Studio (technical partner – Cinelab)	private	Sound stages, rental of film equipment and props, set construction, film processing lab, editing, CGI, audio post production, digital lab (DCP, KDM), production vehicles
4	Glavkino	private	Sound stages, set construction, editing, digital lab (DCP, KDM), CGI, audio post production, live broadcast studio
5	Centre of National Film and Lennauchfilm	state	Sound stages, rental of film equipment and props, set construction, film processing lab, editing, CGI, audio post production, digital lab (DCP, KDM), production vehicles
6	Russian World Studios	private	Sound stages, rental of film equipment and props, set construction, editing, CGI, audio post production, production vehicles
7	Gorky Film Studio and UMP	state/private	Sound stages, rental of film equipment and props, set construction, film processing lab, editing, CGI, audio post production, digital lab (DCP, KDM), digital Intermediate
8	Lenfilm	state	Sound stages, rental of film equipment and props, set construction, editing, CGI, audio post production, production vehicles
9	Sverdlovsk Film Studio and Strana	state/private	Sound stages, rental of film equipment and props, set construction, editing, CGI, audio post production, production vehicles
10	St. Petersburg Documentary Film Studio	state	Sound stages, rental of film equipment and props, set construction, editing, CGI, photo studio

Source: company data, MRC, Nevafilm Research

Major film equipment rental facilities in Russia, 2012

Title	Website	City	Year founded	Range of services provided	Strengths
ACT (Sergei Astakhov's Film Facilities Agency)	actfilm.ru	St. Petersburg	1999	Cameras, camera equipment, lighting, transport logistics	Development and custom manufacturing of devices intended for complex and technically challenging shots
Bogdan i Brigada	bogdanibrigada.ru	Moscow	2000	Lighting, camera equipment	Large inventory of lighting equipment
Cinelab	cinelab.ru	Moscow	2001	Film processing, digital editing, digital lab (DCP, KDM), satellite-based system for transmitting digital prints to cinemas, audio post production, film equipment rental, and logistics	Providing professional equipment and services across the entire production cycle, from principal photography to dispatching film prints to cinemas
Rentacam	rentacam.ru	Moscow	2004	Cameras, shooting and lighting equipment	Superior in selection, quality, and stock volume of cameras and lenses
X-ray	xraycompany.ru	Moscow	1999	Lighting, camera equipment	Large inventory of lighting equipment

Source: company data, MRC, Nevafilm Research

However, not all studios offer a full spectrum of production services, or offer them on a level that meets the needs of modern filmmaking. A large number of companies are involved in the effort to support the production process, looking to maximize the range of services offered and saturate the market with high-quality services and modern technology and equipment.

On today's Russian market, a large number of professional studios provide post-production services, complete with an extensive technical resource base for handling all video formats, creating computer graphics, and recording audio. The tables below present companies involved in post production for some of the highest profile Russian films in domestic distribution.

Major suppliers of post-production services in Russia

Title	Website	City	Year founded	Range of services provided
Bazelevs Group	bazelevs.ru	Moscow	1994	Editing, CGI
Central Production International Group	centralize-it.com	Moscow	1997	Audio post production, digital lab (DCP, KDM)
Cinelab	cinelab.ru	Moscow	2001	Film processing, digital editing, digital lab (DCP, KDM), satellite-based system for transmitting digital prints to cinemas, audio post production, film equipment rental, and logistics
Cinelex	cinelex.ru	Moscow	2008	Editing, audio post production, CGI and special effects, Digital Intermediate, film scan (scanning and transferring of the image from celluloid to digital format), digital laboratory (DCP)
Manga Company	mangacompany.ru	Moscow	2003	Digital image processing, CGI and special effects
Nevafilm	nevafilm.com	Moscow, St. Petersburg	1992	Audio post production, digital lab (DCP, KDM)
PS TVC	pstvc.ru	Moscow	1993	Editing, CGI
Russian Film Group	russianfilmgroup.ru	Moscow	2002	Audio post production, CGI and special effects
Studio VEK	studiavek.ru	St. Petersburg	1994	Editing, audio post production, CGI

Source: company data, MRC

Major CGI and special effects facilities in Russia

Title	Website	City	Year founded	Selected filmography
Asymmetric VFX Studio	a-vfx.ru/en/	Moscow	2007	Yolki 2 [Six Degrees of Celebration 2], Chernaya molniya [Black Lightning], Kniga Masterov [The Book of Masters], Amongst Heroes
CG Factory	cgfactory.ru	Moscow	1995/96	Night Watch, Day Watch, Chernaya molniya [Black Lightning], Kandagar [Kandahar], Dark World, Smeshariki. The Beginning, Six Degrees of Celebration, Yolki 2 [Six Degrees of Celebration 2], Vysotsky. Thank God I'm Alive, August. Eighth, Shpion [Spy], Wanted, Apollo 18, The Darkest Hour
Main Road|Post	mrpost.ru	Moscow	2006	Obitaemyy ostrov [The Inhabited Island], Admiral [The Admiral], Wanted, High Security Vacation, August. Eighth, Metro, Stalingrad
Trigraph	trigraph.ru	Moscow	2004	Vysotsky. Thank God I'm Alive, Yolki 2 [Six Degrees of Celebration 2], The Target, Dark World, Chernaya molniya [Black Lightning], No Love in the City, Muzhchina v moey golove, Tarif Novogodnyy [The New Year's Rate Plan], The Irony of Fate 2, Obratnyy otchet
Ulitka	ulitkapost.ru	Moscow	2003	PiraMMMida, Metro, Chernaya molniya [Black Lightning], Bumazhniy soldat [Paper Soldier], Generation P, Wanted, Interceptor, Night Watch

Source: company data, MRC

Film and television distribution markets

Svetlana Mudrova, Svetlana Polikarpova

Theatrical distribution

The transition to digital film exhibition continued to be the most significant development trend in 2012. The proportion of films in Russian theatrical distribution released in digital format came to 92.5%, with digital prints comprising 68% of all theatrical prints.

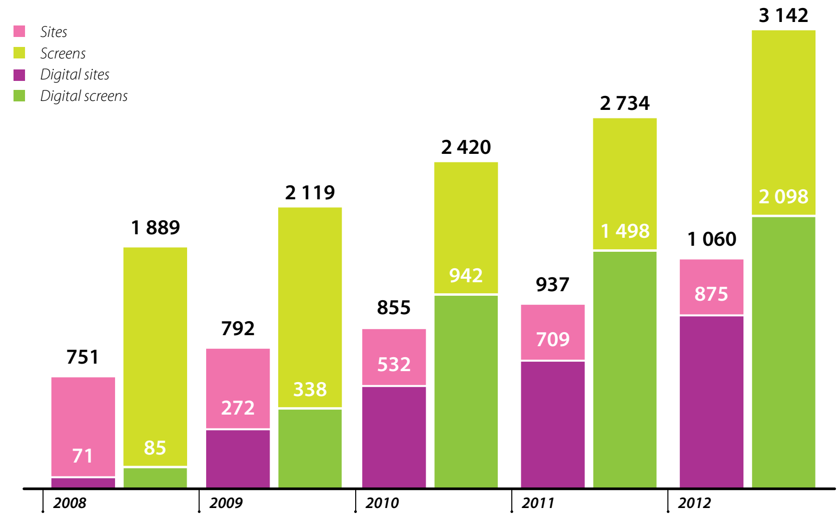
Full transition to digital technology in cinemas is expected as early as 2015, while by 2014 almost all cinemas are expected to have some digital projection capabilities. In 2012, a truly momentous turn of events was registered in Russia in terms of cinemagoers' attitudes towards the 3D cinema experience: average box-office returns per screening in the 3D format turned out to be lower than the box-office returns for the same films screened in the standard 2D format. Cinemagoers' decreased interest in 3D, especially in big cities, has driven cinemas to introduce more interesting novelties. In 2012, in addition to the ongoing expansion of IMAX on the Russian market, D-BOX (Luxor theatres) and 4DX cinemas have opened their doors (the Cinema Park chain of cinemas was the first to introduce the 4DX format to Russian audiences and charge ticket prices higher than for IMAX shows, according to the monthly public report published on their website). The percentage of digital 3D screens also continues to decrease.

Cinemas

As of 1 January 2013, there are 3,142 modern screens in 1,060 cinemas across Russia. Almost 67% of these modern screens – 2,098 screens (in 875, or 82.5% of cinemas) – had already been equipped with digital projectors, 1,966 of which (93.7%) have 3D capabilities.

In 2012, a post-crisis record was set in the Russian market in terms of the number of new cinemas and individual screens: 471 new screens opened in 151 cinemas. Twenty-eight modern cinemas (63 screens) were closed. Overall, the number of modern cinema screens across the country increased by 14.9% (13% in 2011) over the year. Since 2010, the number of new digital screens opening has remained at about 600 (in 2012, a total of 625 opened), while the number of new cinemas equipped with digital screens has decreased slightly, due to the gradual saturation of the market. In 2012, the number of screens equipped with digital projection grew by 40% (59% in 2011).

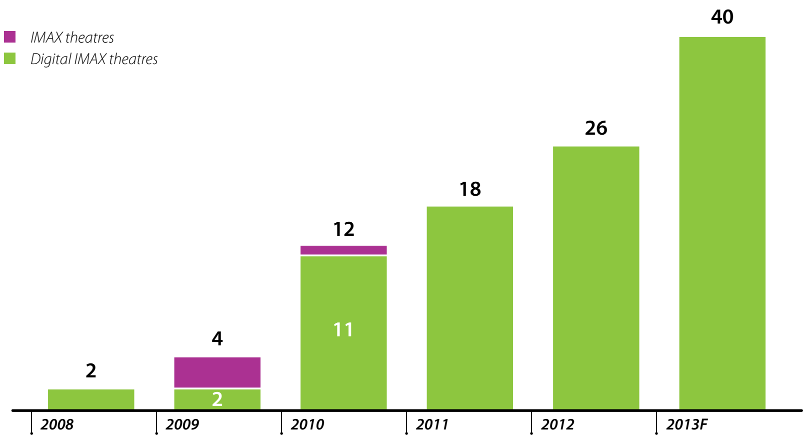
Modern Cinemas in Russia



Source: Nevafilm Research

The difference in the growth trend for modern and digital screens stems from the fact that the digital market is rapidly progressing towards saturation: today, 83% of modern cinemas have digital facilities. It is the spread of this technology that is driving the modern cinema industry forward. In 2012, 87% of all new cinemas were digital from the outset: of these, about 20% were municipally owned premises, where the cinema exhibition business was resuscitated through regional funding (mostly in Russia's smaller towns). The process of legalizing DVD projection facilities is also underway, transitioning them to digital technologies. In other words, the opening of new cinemas often entails revamping an existing location, rather than building a new facility (as was already the case in the early 2000s).

IMAX theatres in Russia



Source: Nevafilm Research

In 2012, mergers and takeovers continued throughout the cinema industry. The largest of these transactions was announced in November 2012, when Paul Heth, in conjunction with Baring Vostok Private Equity Funds, UFG Asset Management, and the Russian Direct Investment Fund (RFPI), acquired a controlling interest in Karo Film. Paul Heth has been appointed Chief Executive Officer of Karo Film. The new owners promised to invest USD 100 million in the company over three years.

Furthermore, in December, the investment subdivision of Alfa Group, A1, set about merging the Kronverk Cinema Network with the Formula Kino cinema chain into a single entity under the brand of the latter: all future cinemas are expected to open under the Formula Kino brand, while the existing multiplexes will retain their original names.

Such large sale and merger transactions with respect to Russian cinema chains indicate a growing interest among non-specialized investors in the theatrical exhibition market. This also attracts foreign investment. The next phase of the process (if political risks do not increase) could entail the introduction of foreign cinema chains, both from the East and the West, to the Russian market. The expansion of the Europa Cinemas chain in Russia in 2012 can be seen as the precursor of this type of development.

Top 10 Largest cinema chain operators in Russia, as of 1 January 2013

(by number of screens, including franchises and repertory cinemas)

Rank in 2012	Rank in 2011	Cinema chain operator	Number of cinemas	Number of screens	Cinemas with digital screens	Digital screens	% of the chain's cinemas with digital screens	% of digital screens in the chain	Market share by number of screens	Head office
1	**1**	*Cinema Park*	29	272	29	206	100%	76%	8.7%	Moscow
2	**6**	*Formula Kino*	34	230	34	155	100%	67%	7.3%	Moscow
3	**2**	*Karo Film*	29	180	28	117	97%	65%	5.7%	Moscow
4	**3**	*Kinomax*	27	153	26	60	96%	39%	4.9%	Moscow
5	**5**	*Luxor*	17	104	17	73	100%	70%	3.3%	Moscow
6	**7**	*Premier-Zal*	65	88	55	67	85%	76%	2.8%	Yekaterinburg
7	**9**	*Cinema Star*	17	82	17	35	100%	43%	2.6%	Moscow
8	**10**	*Five Stars (Paradise)*	11	66	11	37	100%	56%	2.1%	Moscow
9	**8**	*Monitor*	18	64	18	46	100%	72%	2.0%	Krasnodar
10	**11**	*Kinoformat*	12	62	12	33	100%	53%	2.0%	Moscow
Total for these cinema operators			**259**	**1,301**	**247**	**829**	**95%**	**64%**	**41.4%**	
Total in Russia			**1,060**	**3,142**	**875**	**2,098**	**83%**	**67%**	**100.0%**	

Source: Nevafilm Research

Theatrical distribution

In 2012, 479 new films, 80 of them domestic, made it to cinema screens in Russia. The transition to digital technologies remained the main trend on the Russian film distribution market in 2012. Of all films distributed in 2012, 417 were released in digital or hybrid format. This amounts to more than 87% of films in domestic distribution. Moreover, the proportion of films released exclusively in digital format is increasing, and has already reached 50%. Thanks to digital distribution, the number of prints in distribution in Russia has been sharply increasing. In 2012, 17% more prints were in distribution than in 2011. This was due to the expansion of the number of digital prints (which now account for 72% of all prints in distribution in Russia).

Total box office returns for the CIS (excluding Ukraine) from 2 January 2012 to 30 December 2012 amounted to RUB 39.4 billion (EUR 1.0035 billion); the total number of cinema tickets sold exceeded 175 million. Cinema admissions in the CIS (excluding Ukraine) increased by only 1.8% in 2012 (5% in 2011).

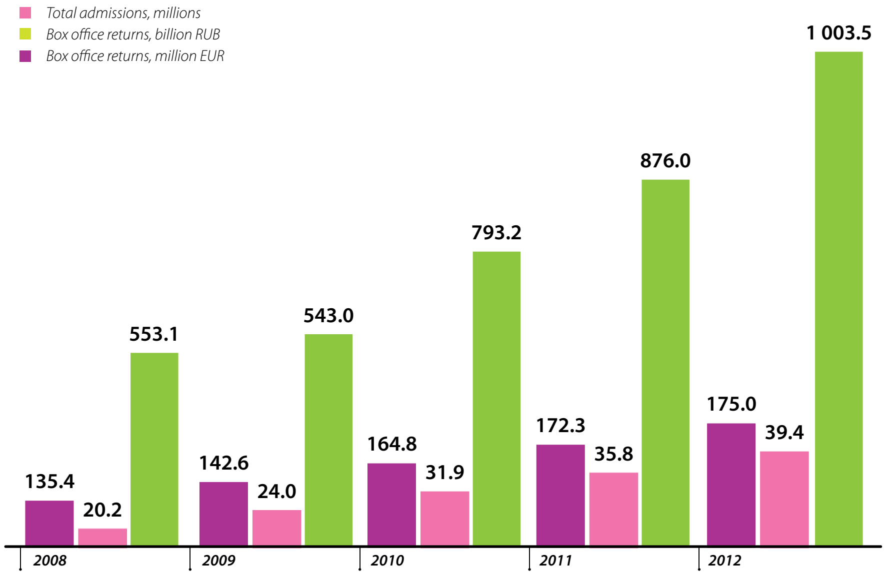
At the same time, the evaluation of distribution data specific to Russia, conducted by Nevafilm Research which surveyed leading distributors[1], showed that in 2012 the number of cinema admissions in the country in fact did not increase, while there was growth in the number of tickets sold in the CIS[2].

Number of films and prints in Russian distribution

	Films			*Screens (thousands)*		
	2010	***2011***	***2012***	***2010***	***2011***	***2012***
Films in distribution	*456*	*451*	*569*	*89.1*	*116.6*	*141.4*
New releases	*400*	*406*	*479*	*86.0*	*113.2*	*132.8*
New digital releases	*164*	*274*	*417*	*22.0*	*57.0*	*96.0*
Digital only releases	*45*	*96*	*262*	*4.9*	*12.8*	*43.2*
3D releases	*31*	*59*	*73*	*13.4*	*30.1*	*40.1*
IMAX releases	*11*	*24*	*22*	*0.6*	*0.4*	*0.5*

Source: Booker's Bulletin, Nevafilm Research

Admissions and box office returns in the CIS (excluding Ukraine)



Source: Booker's Bulletin

[1] In 2012, Russian box office returns comprised 95.5% of the total for the CIS, with an admissions share of 91.4% (based on data obtained from seven distributors: WDSSPR, 20th Century Fox CIS, Central Partnership, Caro Premier/Caroprokat, UPI, Cascade Film, and Volga). In 2011, Russia accounted for 94.7% of box office returns, and 92.4% of admissions.

[2] For instance, market leader WDSSPR reported that Russian admissions accounted for 90.4% of all annual admissions, and 93.7% of box office returns.

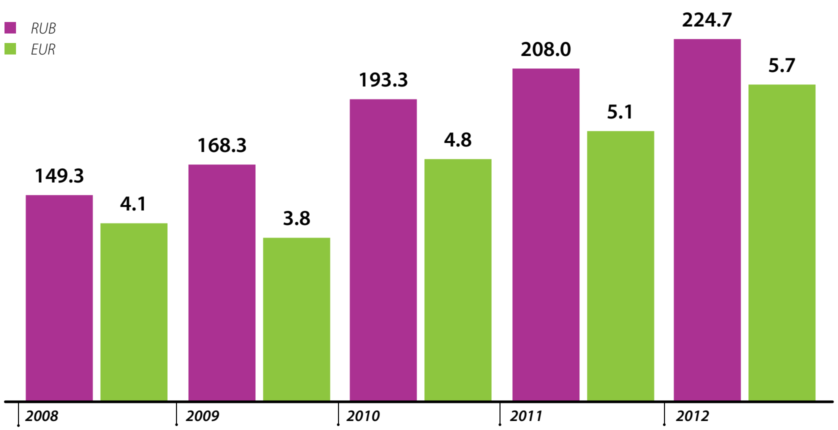
The average price of a cinema ticket increased to RUB 224.7 (EUR 5.72), which is an increase of 8% in roubles and 12% in euro since 2011. It should be noted that the consumer price inflation rate over the past year was 6.6%.

In 2012, box office returns for Russian films reached RUB 6.1 billion (EUR 155.2 million), while the number of viewers was 28.7 million. The share of box office earnings of domestic films reached 15.5% (compared with 16.3% in 2011 and 13.6% in 2010), while the admissions share was 16.4% (compared with 17% in 2011 and 16% in 2010). The downward trend in the number of Russian-made releases was reversed, with 80 Russian-made films released in 2012.

The share of European films in distribution in Russia rose to 15.6% of box office returns (compared to 7% in 2011). The number of European films increased to 201 (42%, versus 137 releases or 34% in 2011), 37 of which were produced in Europe by Hollywood studios (overseas funding), and collected 10.7% of the box office.

Average ticket price in the CIS

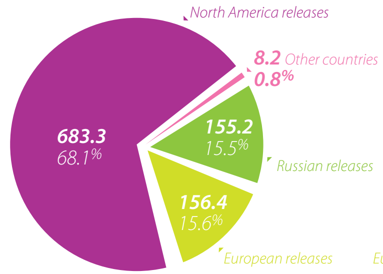
(excluding Ukraine)



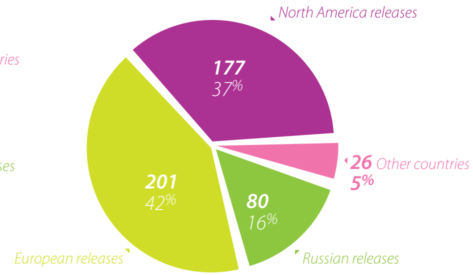
Source: Booker's Bulletin

Box office returns for films in Russian distribution, by country of origin, 2012

(million EUR)



Number of releases in Russian distribution, by country of origin, 2012



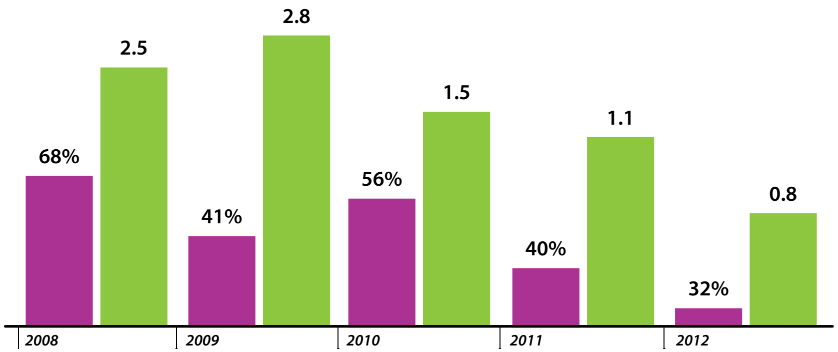
Source: Booker's Bulletin

Among wholly European productions, films from the UK dominated the distribution market (36 films), collecting a 0.7% share of the CIS box office (excluding Ukraine); whereas France remained the box office leader, with 27 films in 2012 collecting 1.3% of the box office; Spain came in third, with 10 films claiming 0.6% of the box office. Note also that the 49 films made by European countries in co-production collected 1.9% of the box office.

In 2012, a truly groundbreaking event occurred in Russia in terms of cinemagoers' attitudes towards 3D screenings: according to Booker's Bulletin, average box office returns per screen showing a 3D film were less than those from the same film screened in standard 2D format. The average ticket price for 3D screenings also decreased, and is now 32% higher than the ticket price for same films in 2D (last year's mark-up was 40%).

Success of 3D releases in Russia

■ Average ticket price increase for a 3D screening
■ Difference between 3D box office and 2D box office, per screen, in multiples



Source: Booker's Bulletin, Nevafilm Research

Nonetheless, absolute figures suggest that in 2012, the average earnings per print for all films in 3D were 1.4 times higher than for those in 2D (RUB 335,500 or EUR 8,500 versus RUB 245,200 or EUR 6,200).

According to year-end results for 2012, the market leader at the CIS box office was Walt Disney Studios Sony Pictures Releasing, which collected nearly a quarter of the Russian box office; Caro came in second, pulling in 14.5% of the box office (Caro Premier is the official representative of Warner Bros. Studios, whereas Caroprokat deals mainly in domestic films); Central Partnership occupies the third position, with a 13.7% market share; and 20th Century Fox CIS is in fourth place, with 13% of the box office. The ten major distributors received 94.5% of box office returns in the CIS, with the remaining 30 companies collecting the remaining 5.5%.

Top 10 Russian distributors of 2012

(02.01.12–30.12.12)

№	Distributor	Total films in distribution	New releases	Prints	Admissions, millions	Box office returns in 2012, million		Market share by box office returns
						RUB	EUR	
1	Walt Disney Studios Sony Pictures Releasing	35	28	20,897	40.87	9,653.9	245.9	24.5%
2	Caro Premier + Caroprokat	31	27	21,013	25.12	5,702.6	145.2	14.5%
3	Central Partnership	38	29	20,440	23.63	5,390.3	137.3	13.7%
4	20th Century Fox CIS	18	15	15,926	23.04	5,119.9	130.4	13.0%
5	Universal Pictures International	24	23	11,153	22.31	4,734.9	120.6	12.0%
6	West	15	15	6,957	11.17	2,498.6	63.6	6.3%
7	Paradise	28	27	10,357	6.23	1,365.4	34.8	3.5%
8	Nashe Kino	11	10	5,874	5.99	1,314.1	33.5	3.3%
9	Volga	14	12	3,408	3.81	773.7	19.7	2.0%
10	Top Film Distribution	31	30	4,863	2.78	652.6	16.6	1.7%
Total for these distributors		**245**	**216**	**120,888**	**164.95**	**37,206.0**	**947.6**	**94.5%**
Total in CIS (excluding Ukraine)		**574**	**484**	**141,409**	**175.31**	**39,386.0**	**1,003.1**	**100.0%**

Source: Booker's Bulletin

Top 50 films in Russian distribution

№	Title	Distributor	Release date	Prints			Number of viewers (millions)		Box office returns(million RUB)		Box office returns (million EUR)	
				Total	Digital	3D/IMAX	2012 calendar year	Entire distribution period	2012 calendar year	Entire distribution period	2012 calendar year	Entire distribution period
1	**Ice Age 4: Continental Drift**	20th Century Fox CIS	12.07.12	2,090	1,450	1,290	7.70	7.70	1,643.61	1,643.61	41.86	41.86
2	**Madagascar 3: Europe's Most Wanted**	Central Partnership	07.06.12	1,830	1,217	1,106	7.44	7.44	1,604.36	1,604.36	40.86	40.86
3	**The Twilight Saga: Breaking Dawn – Part 2**	West	15.11.12	1,380	1,380	Yes	6.18	6.18	1,359.33	1,361.91	34.62	34.69
4	**The Avengers**	WDSSPR	03.05.12	1,204	1,004	975	4.95	4.95	1,277.66	1,277.66	32.54	32.54
5	**Men In Black 3**	WDSSPR	23.05.12	1,549	1,237	1,186	4.56	4.56	1,151.46	1,151.46	29.33	29.33
6	**John Carter**	WDSSPR	08.03.12	1,200	984	960	3.76	3.76	993.80	993.80	25.31	25.31
7	**The Hobbit: An Unexpected Journey**	Caro Premier	19.12.12	2,128	1,623	1,478	2.84	4.64	817.27	1,348.38	20.82	34.34
8	**Skyfall**	WDSSPR	26.10.12	1,254	891	25	3.24	3.24	787.60	788.89	20.06	20.09
9	**The Amazing Spider-Man**	WDSSPR	05.07.12	1,500	1,184	1,131	3.04	3.04	717.77	717.77	18.28	18.28
10	**Prometheus**	20th Century Fox CIS	31.05.12	1,670	1,196	1,146	2.74	2.74	711.08	711.08	18.11	18.11
11	**Wrath Of The Titans**	Caro Premier	29.03.12	1,164	937	937	2.59	2.59	653.63	653.63	16.65	16.65
12	**Battleship**	UPI	19.04.12	815	638	20	3.09	3.09	649.32	649.32	16.54	16.54
13	**The Dark Knight Rises**	Caro Premier	26.07.12	1,312	759	21	2.53	2.53	573.42	573.42	14.60	14.60
14	**The Expendables 2**	UPI	16.08.12	820	573	—	2.78	2.78	570.19	570.19	14.52	14.52
15	**Ted**	UPI	02.08.12	644	424	—	2.69	2.69	551.25	551.25	14.04	14.04
16	**Brave**	WDSSPR	21.06.12	950	778	723	2.61	2.61	531.74	531.74	13.54	13.54
17	**Journey 2: The Mysterious Island**	Caro Premier	09.02.12	1,021	1,021	864	2.04	2.04	526.81	526.81	13.42	13.42
18	**Resident Evil: Retribution**	WDSSPR	13.09.12	1,100	1,100	1,054	1.94	1.94	524.09	524.26	13.35	13.35

…continued

№	Title	Distributor	Release date	Prints			Number of viewers (millions)		Box office returns(million RUB)		Box office returns (million EUR)	
				Total	Digital	3D/IMAX	2012 calendar year	Entire distribution period	2012 calendar year	Entire distribution period	2012 calendar year	Entire distribution period
19	**Cloud Atlas**	20th Century Fox CIS / A Company	08.11.12	1,438	945	—	2.19	2.20	516.10	518.53	13.14	13.21
20	**Hotel Transylvania**	WDSSPR	18.10.12	850	850	758	2.18	2.18	491.13	491.13	12.51	12.51
21	**Dr. Seuss' The Lorax 3D**	UPI	15.03.12	712	636	507	2.13	2.13	472.58	472.58	12.04	12.04
22	**Rise of the Guardians**	Central Partnership	22.11.12	1,200	924	845	1.96	1.97	462.87	466.02	11.79	11.87
23	**Wreck-It Ralph**	WDSSPR	01.11.12	1,215	1,093	1,000	2.17	2.17	462.31	462.39	11.77	11.78
24	**Snow White and the Huntsman**	UPI	14.06.12	733	482	—	2.08	2.08	416.82	416.82	10.62	10.62
25	**Dukhless** [Soulless]	UPI	04.10.12	687	448	—	1.87	1.87	415.87	415.87	10.59	10.59
26	**Silent Hill: Revelation 3D**	West	25.10.12	1,140	1,140	1,140	1.58	1.58	410.56	410.56	10.46	10.46
27	**Total Recall**	WDSSPR	09.08.12	1,100	796	—	1.95	1.95	408.71	408.71	10.41	10.41
28	**Titanic 3D**	20th Century Fox CIS	05.04.12	972	972	966	1.43	1.43	396.96	396.96	10.11	10.11
29	**This Means War**	20th Century Fox CIS	14.02.12	1,049	636	—	1.87	1.87	394.82	394.82	10.06	10.06
30	**Abraham Lincoln: Vampire Hunter**	20th Century Fox CIS	21.06.12	1,482	1,086	1,037	1.68	1.68	394.74	394.74	10.05	10.05
31	**The Hunger Games**	Volga	22.03.12	1,165	507	—	1.93	1.93	392.10	392.10	9.99	9.99
32	**Ghost Rider: Spirit of Vengeance**	Central Partnership	23.02.12	913	913	913	1.51	1.51	391.92	391.92	9.98	9.98
33	**Underworld: Awakening**	WDSSPR	19.01.12	751	751	700	1.43	1.43	385.69	385.69	9.82	9.82
34	**Dzhungli** [The Jungle]	Nashe Kino	29.11.12	1,386	982	Yes	1.53	1.53	370.75	370.79	9.44	9.44
35	**The girl with the dragon tattoo**	WDSSPR	05.01.12	608	360	—	1.53	1.53	367.06	367.06	9.35	9.35

…continued

№	Title	Distributor	Release date	Prints			Number of viewers (millions)		Box office returns(million RUB)		Box office returns (million EUR)	
				Total	Digital	3D/IMAX	2012 calendar year	Entire distribution period	2012 calendar year	Entire distribution period	2012 calendar year	Entire distribution period
36	***American reunion***	*UPI*	*05.04.12*	*639*	*385*	*—*	*1.70*	*1.70*	*348.92*	*348.92*	*8.89*	*8.89*
37	***Dark shadows***	*Caro Premier*	*10.05.12*	*985*	*523*	*21*	*1.63*	*1.63*	*346.98*	*346.98*	*8.84*	*8.84*
38	***Tot eshchyo...*** *[Here's carlson!]*	*Caroprokat*	*15.03.12*	*911*	*332*	*—*	*1.69*	*1.69*	*308.20*	*308.20*	*7.85*	*7.85*
39	***August. Eighth***	*20th Century Fox CIS*	*23.02.12*	*1,467*	*740*	*—*	*1.49*	*1.49*	*295.92*	*295.92*	*7.54*	*7.54*
40	***Mirror mirror***	*Paradise*	*15.03.12*	*1,220*	*600*	*—*	*1.48*	*1.48*	*287.08*	*287.08*	*7.31*	*7.31*
41	***Step up revolution***	*West*	*26.07.12*	*794*	*794*	*Yes*	*1.21*	*1.21*	*273.78*	*273.78*	*6.97*	*6.97*
42	***Brigada. Naslednik*** *[The brigade: the heir]*	*Caroprokat*	*29.11.12*	*1,022*	*600*	*—*	*1.14*	*1.14*	*246.71*	*246.71*	*6.28*	*6.28*
43	***Rzhevskiy protiv napolenona 3d*** *[Rzhevsky vs. Napoleon 3d]*	*Central Partnership*	*26.01.12*	*940*	*940*	*940*	*0.92*	*0.92*	*239.70*	*239.70*	*6.11*	*6.11*
44	***The bourne legacy***	*UPI*	*30.08.12*	*679*	*448*	*20*	*1.03*	*1.03*	*235.10*	*235.10*	*5.99*	*5.99*
45	***Mamy*** *[Mamas]*	*Caroprokat*	*01.03.12*	*1,045*	*530*	*—*	*1.13*	*1.13*	*229.04*	*229.04*	*5.83*	*5.83*
46	***8 Pervykh svidaniy*** *[8 first dates]*	*Central Partnership*	*08.03.12*	*743*	*300*	*—*	*1.04*	*1.04*	*221.79*	*221.79*	*5.65*	*5.65*
47	***Astérix and obélix: god save britannia***	*Central Partnership*	*25.10.12*	*900*	*900*	*834*	*0.88*	*0.88*	*212.58*	*212.58*	*5.41*	*5.41*
48	***Paranormal Activity 4***	*Central Partnership*	*18.10.12*	*810*	*300*	*—*	*1.03*	*1.03*	*208.62*	*208.62*	*5.31*	*5.31*
49	***I Want You***	*Caravella DDC*	*05.07.12*	*430*	*430*	*—*	*0.96*	*0.96*	*198.51*	*198.51*	*5.06*	*5.06*
50	***The Lion King 3D***	*WDSSPR*	*22.03.12*	*512*	*512*	*512*	*0.90*	*0.90*	*194.39*	*194.39*	*4.95*	*4.95*

Source: Booker's Bulletin, Nevafilm Research

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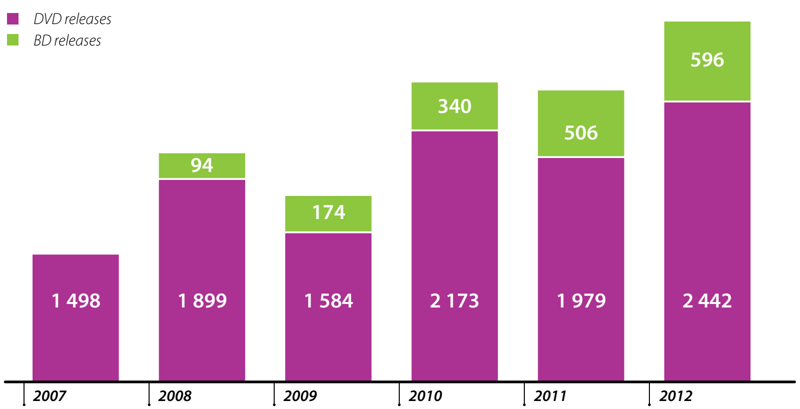
Video distribution

Analysis of lists of video releases conducted by Booker's Bulletin and Nevafilm Research reveals that, in 2012, the number of DVD releases began to rise again, with a 23% total increase (following a 19% decrease in the previous year)[1]. The volume of Blu-ray disc releases is rising steadily: 2012 saw an 18% increase in the number of releases in this format. Blu-ray 3D now comprises 19% of all BD releases (114 in total).

According to data from early 2013, the average time window between the theatrical and video release of a film in Russia dropped to the level seen in 2009, at an average of 75 days. Russian films typically still have the shortest time window (averaging 62 days), while foreign independent titles have the longest (now averaging 104 days). In 2012, there was a negligible decrease in the most common (mode) time period elapsing prior to a film's

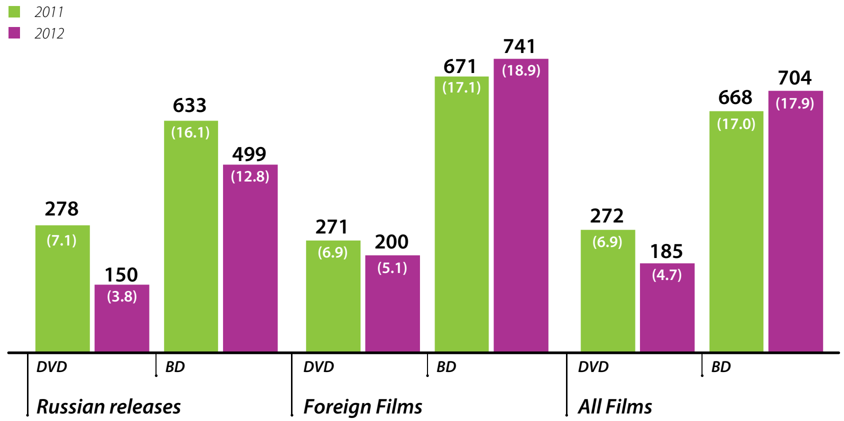
Number of licensed DVD and Blu-ray releases in Russia, 2007–2012



Source: Videomagazine, Video Market Bulletin, Nevafilm Research

[1] Note that in 2012, the formula for determining the total number of video releases was modified to include regional re-releases of films in addition to regular releases. This has served as a factor in the reported increase in the number of releases.

Average DVD and BD retail price in Russia, 2011–2012, RUB (EUR)



Source: ozon.ru, Nevafilm Research

release to video – from 35 days to 33 days – but this only applied to 7% of releases (in 2011, the mode value applied to 9% of releases).

According to the price monitoring summary published on Ozon.ru, over the course of 2012, the average price in Russia for a DVD was RUB 185, while for a BD it was RUB over 700. Domestic film releases tend to be a bit cheaper than foreign ones, both on DVD (RUB 150 vs. RUB 200) and on Blu-ray (RUB 500 vs. RUB 740). Overall, 2012 saw price decreases for both DVD and BD releases. A new marketing practice emerged, whereby some distributors release new titles as a DVD + BD combo package for RUB 300–400, saving the DVD-only release for bargain regional editions at a later date. Thus, the popularization of the Blu-ray format continues. Blu-ray discs in the 3D format remain the most expensive: over the first three quarters of 2012, the average price in this category was more than RUB 1,000, with some individual releases costing as much as RUB 1,900.

At the same time, there is a continuing general decline in the popularity of video as a viewing format, due to the vigorous growth of video-on-demand services available via the Internet and pay-per-view TV channels, which, consequently, also explains the overall decrease in the price of physical media.

Certain changes taking place in retail infrastructure likewise testify to the decrease in the popularity of physical video media. For instance, Soyuz, once the largest chain of retail stores, all but ceased its operations last year, closing all of its biggest outlets and, in the remaining three, significantly reducing the floor space allotted to video products in favour of books, toys, and souvenirs. Similar trends are being observed in other stores, but it should be noted that, on a market-wide scale, the process of the rapid shrinking of retail sales of video products has slowed down substantially since 2010–2011. In 2012, the retail company Noviy Disk, on the contrary, expanded its retail network by signing a deal to acquire a network of Hitzona stores, formerly part of the VideoService business.

Another noteworthy event that occurred on the Russian video market in 2012 was the official closing of the CIS distribution branch of the Walt Disney Company. In the autumn of 2012, this heavyweight switched to a licence-based model, whereby the studio's release portfolio was placed back in the care of VideoService.

Top 10 licensed DVD titles* by sales volume in Russia in 2012 *(by number of units)*

№	Title	Year of release	Country of production	DVD distributor in Russia
1	**Vysotsky. Thank God I'm Alive**	2011	Russia	Flagman Trade
2	**1+1**	2012	France	Noviy Disk
3	**Twilight Saga: Breaking Dawn, Part 1**	2011	USA	West Video
4	**Puss in Boots**	2011	USA	Noviy Disk
5	**O chyom eshchyo govoryat muzhchiny** [What Men Still Talk About]	2011	Russia	Misteriya Zvuka
6	**Masha i medved. Repetitsiya orkestra** [Masha and the Bear: Orchestra Rehearsal]	*	Russia	Misteriya Zvuka
7	**Ivan Tsarevich and the Grey Wolf**	2011	Russia	Lizard Cinema Trade
8	**The Girl with the Dragon Tattoo**	2012	USA, Sweden, Norway	Activision (VideoService)
9	**The Avengers**	2012	USA	Walt Disney Company CIS
10	**Real Steel**	2011	USA, India	Walt Disney Company CIS

Source: data from six video retail chains, Nevafilm Research

Top 10 licensed DVD titles* by sales revenue in Russia in 2012

№	Title	Year of release	Country of production	DVD distributor in Russia
1	**Vysotsky. Thank God I'm Alive**	2011	Russia	Flagman Trade
2	**1+1**	2012	France	Noviy Disk
3	**Ivan Tsarevich and the Grey Wolf**	2011	Russia	Lizard Cinema Trade
4	**Puss in Boots**	2011	USA	Noviy Disk
5	**O chyom eshchyo govoryat muzhchiny** [What Men Still Talk About]	2011	Russia	Misteriya Zvuka
6	**The Twilight Saga: Breaking Dawn, Part 1**	2011	USA	West Video
7	**The Girl with the Dragon Tattoo**	2012	USA, Sweden, Norway	Activision (VideoService)
8	**Smeshariki: The Beginning**	2011	Russia	Noviy Disk
9	**Yolki 2** [Six Degrees Of Celebration 2]	2011	Russia	Noviy Disk
10	**Real Steel**	2011	USA, India	Walt Disney Company CIS

Source: data from five video retail chains, Nevafilm Research

Top 10 licensed BD titles* by sales volume in Russia in 2012 *(by number of units)*

№	Title	Year of release	Country of production	BD distributor in Russia
1	**Avatar**	2009	USA, UK	Twentieth Century Fox CIS
2	**The Avengers**	2012	USA	Walt Disney Company CIS
3	**Bond 50: The Complete 22 Film Collection**	2012	UK, USA	Twentieth Century Fox CIS
4	**Prometheus**	2012	USA, UK	Twentieth Century Fox CIS
5	**Killer Elite**	2011	USA, Australia	Noviy Disk
6	**Shark Night 3D**	2011	USA	Noviy Disk
7	**Source Code**	2011	USA	Noviy Disk
8	**The Three Musketeers**	2011	Germany, France, UK, USA	Noviy Disk
9	**Transformers: Dark of the Moon**	2011	USA	Noviy Disk
10	**Real Steel**	2011	USA, India	Walt Disney Company CIS

Source: data from six video retail chains, Nevafilm Research

Top 10 licensed BD titles* by sales revenue in Russia in 2012

№	Title	Year of release	Country of production	BD distributor in Russia
1	**The Avengers**	2012	USA	Walt Disney Company CIS
2	**Prometheus**	2012	USA, UK	Twentieth Century Fox CIS
3	**Star Wars: The Complete Saga (9 BDs)**	*	USA	Twentieth Century Fox CIS
4	**Bond 50: The Complete 22 Film Collection**	2012	UK, USA	Twentieth Century Fox CIS
5	**Avatar**	2009	USA, UK	Twentieth Century Fox CIS
6	**Real Steel**	2011	USA, India	Walt Disney Company CIS
7	**Men In Black 3**	2012	USA	Activision (VideoService)
8	**Transformers: Dark of the Moon**	2011	USA	Noviy Disk
9	**Cars 2**	2011	USA	Walt Disney Company CIS
10	**Titanic**	1998, 2012	USA	Twentieth Century Fox CIS

Source: data from five video retail chains, Nevafilm Research

* The top-10 lists account for all editions of a film: special, collector's, box set, BD 3D, etc.

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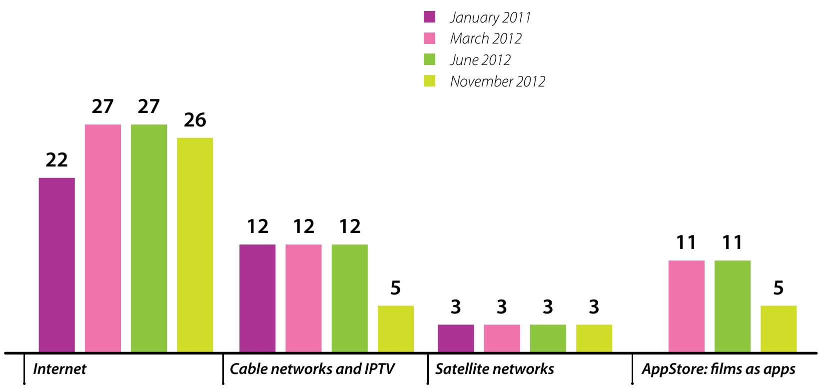
Video on demand

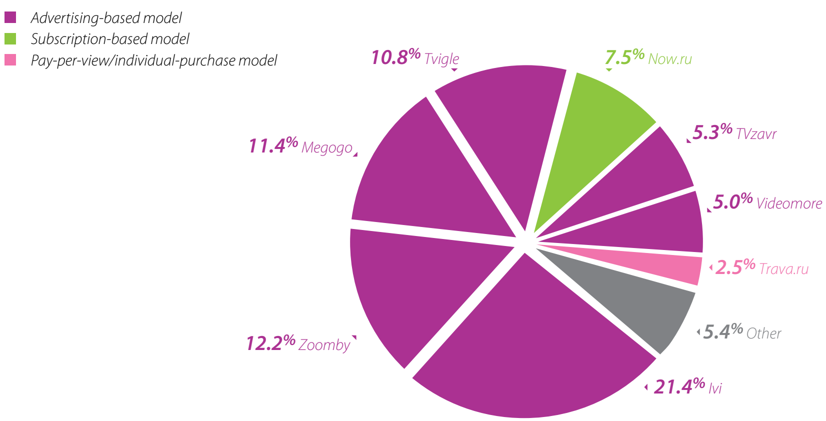
Russia's video on demand market continues to enjoy a period of fast growth, characterized not only by an increase in the number of services, but also by the size and quality of their catalogues. A ranking of the market players is taking place, and a stable industry 'landscape' is developing. In 2012, Russia's video on demand market included around 40 operators in various media formats, using a number of different technologies to deliver their services to consumers. Most of these companies were Internet service providers (67%) and cable television providers (IPTV – 13%). By the end of 2012, consolidation of Rostelecom's regional services was complete: they now operate under a single brand called Videoprokat. This reduced the number of players in this segment of the video on demand market. The Internet also saw a decrease in the number of services or in their level of activity in 2012, as start-ups began to leave the market, displaced by stronger market players fuelled by serious investment and expanding catalogues.

Development of video-on-demand delivery technologies in Russia



Source: Nevafilm Research

Comparison of legal VoD Internet services by audience coverage as at November 2012



Source: webomer.ru

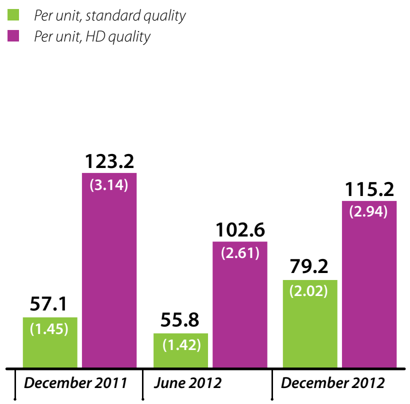
The Fidel.ru service, owned by RBC since 2008, shut down midway through the year. Although it mainly focused on music, Fidel.ru also offered films. It was one of the oldest digital distribution market players in Russia. MTS sold 55% of its Omlet.ru service to Sistema. Today, it operates under its old brand name, Stream. Online cinema Now.ru (Gazprom-Media and the TNT television channel), which launched in late 2011 with a sweeping marketing campaign, scaled down its activities significantly in 2012.

At the same time, Internet video on demand market leaders spent the last year diversifying their offerings: three services unveiled options for children at the same time (deti.ivi.ru, deti.zoomby.ru, and stream.ru/kids).

The video on demand market underwent its most fundamental changes in early December 2012, when major international services the iTunes Store and Google Play were officially launched in Russia, along with the Viaplay online service, owned by Swedish media holding MTG.

Whereas films were previously only available as apps from the AppStore, the iTunes Store has enabled Russian iPhone, iPad, and iPod users to buy films for their devices. Some rights holders immediately noticed a jump in sales compared with other similar paid services, and are now pinning greater hopes on iTunes in Russia. At about the same time, the Russian version of Google Play also unveiled a film section that allows users to buy and rent content. In both cases, however, the initial catalogues were very limited, and users complained of high prices in their comments. Viaplay, in turn, offered new Hollywood releases for a monthly subscription price of just RUB 300–400.

Price trends for video-on-demand in Russia, *RUB (EUR)*



Source: Nevafilm Research

Major American players like Netflix and Hulu also developed an interest in the Russian market. Netflix representatives visited Russia in late 2011, and Hulu sent representatives to meet with Russian operators and rights holders in February 2012.

The emergence of new players affected the overall pricing policies on the Russian video on demand market. To measure these effects, the price levels were recorded at the start of December 2012: the average price of buying or renting a film increased from RUB 56 in the middle of the year to RUB 79, while HD prices went up to RUB 115. Yota's Play service had the highest prices, although the difference between Play's maximum and minimum prices was much less significant than those of new international players the iTunes Store and Google Play, which offered prices ranging between RUB 49 and RUB 350. It must be noted that films sold as apps by the AppStore were somewhat less expensive.

Zinaida Shumova

TV distribution

Television is one of the key film content distribution vehicles in Russia. In 2012, despite a drop in the audience size of Channel One and Rossiya 1, the three most popular Russian television channels remained unchanged, led by NTV, which managed to hang on to its audience. The consolidation of National Media Group's assets and the arrival of former Channel One manager Alexey Brodsky and his team signalled Channel Five's entry into the second echelon of channels, which each have a 5–10% audience share. Today, Channel Five is the main competitor for REN TV, which continues to battle CTC and TNT for audience shares. The third echelon expanded in 2012, welcoming the Disney Channel, which had been assigned a broadcast frequency a year earlier as a result of a deal with UTV Russia Holdings. There are now nine channels with a 1–3% audience share: TV Centre, Domashniy, TV3, Disney Channel, Rossiya 2, Peretz, Zvezda, Russia K, and the brand new U TV, which replaced Muz TV.

The majority of federal channels dedicate eight to 15 hours each day to showing films, presenting mostly domestic titles. Foreign content is also represented, though in lower volumes.

The list of Russia's most popular series includes no foreign productions at all. This reflects a clear trend in the tastes of Russian viewers, who have shown a preference for domestically produced content for the last six to seven years.

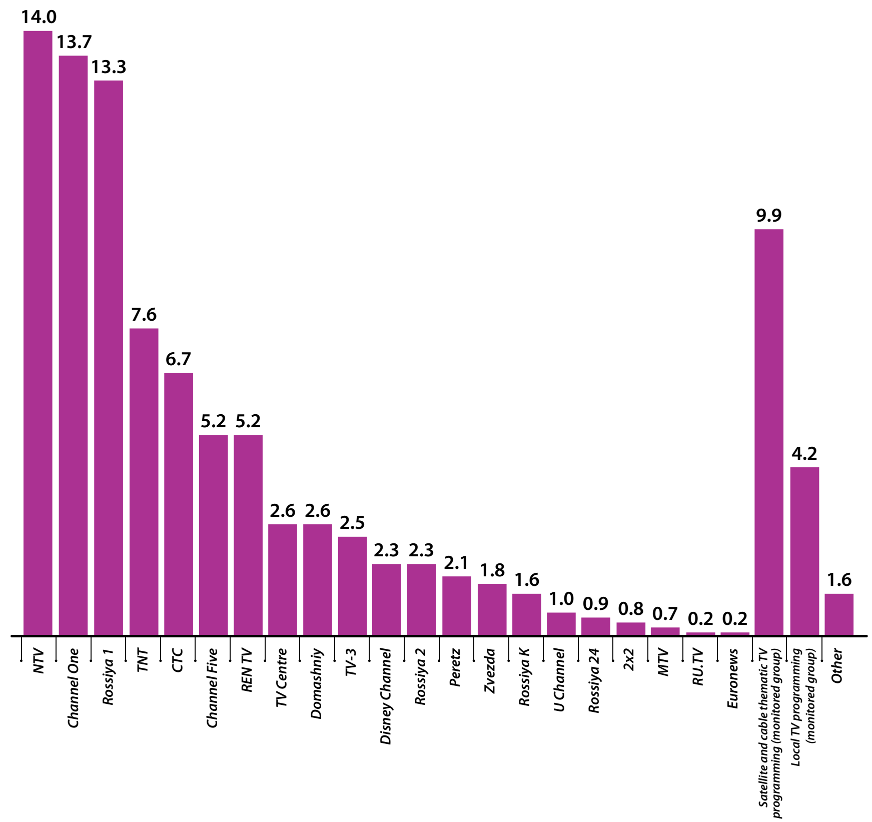
The country's biggest channels – Channel One, Rossiya 1, and NTV – are the main buyers of domestic series. Each of these channels presents two to four hours of premiere content every day. CTC, and to a lesser extent TNT, REN TV, and TV3 also try to fill the majority of their prime time with their own first-run series. If a premiere is successful, the channel orders a further season, and as a rule, repeats it several times.

But the life of a Russian-produced series does not end there. They then move on to channels with smaller audiences: Domashniy, Peretz, REN TV, TV Centre, Channel Five, and so on. Here, the most popular series, such as the soap operas and crime dramas that dominate the Russian TV landscape, may be repeated up to 10–15 times.

Sitcoms are not handed over to other channels: instead, they are repeated dozens of times on their parent channels, CTC and TNT.

Audience shares* of TV channels, based on the demographic of viewers living in cities with populations of 100,000 residents or more

1 January–31 December 2012

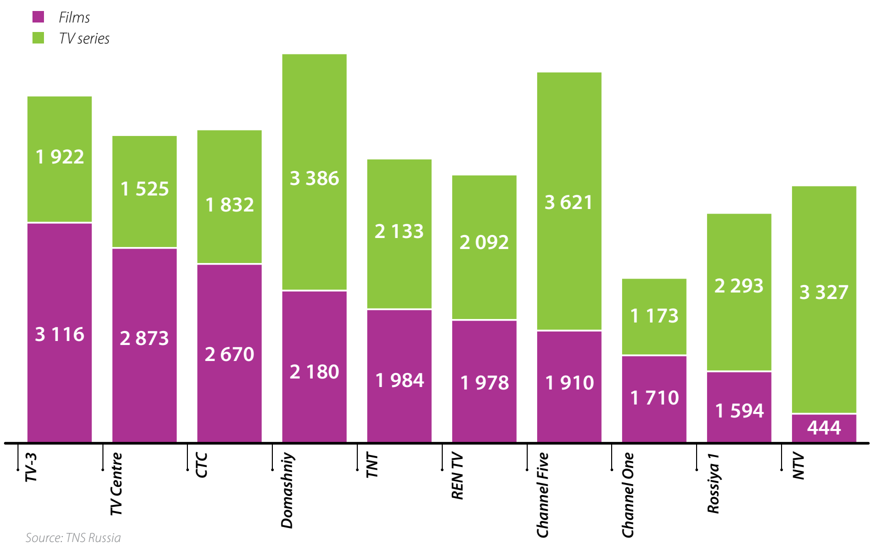


Source: TNS Russia

* Share: Percentage of the Russian population over the age of four (in cities of 100,000+) watching the channel, tuning in to network broadcasts 05:00–29:00

Volume of broadcastied film and TV series content (hours) on major Russian terrestrial TV channels in cities with populations of 100,000 residents or more

1 January–31 December 2012



Source: TNS Russia

Over the last five to seven years, Western-produced television series have been in demand only among channels with a low audience share which could not afford to produce their own serial content. Domashniy, for example, broadcast House, and is currently airing Desperate Housewives and the European-produced Magnificent Century. The latter has become a true sensation in Russia, earning an audience share of over 10% on a channel which has an average share of only 3.6%. Last year, Peretz presented the first season of Dexter, while REN TV gave Game of Thrones a prime-time spot, earning an excellent 7.9% audience share and exceeding the channel's average figures. Channel One also continues to buy foreign content, using it to fill night-time hours.

Top 10 TV series on Russian networks

1 January–31 December 2012 (audience – 4+)

№	Title	TV channel	Country of production	Rating, %	Share, %
1	**Mentovskie voiny 6** *[Cop Wars 6]*	NTV	Russia	7.8	21.9
2	**Brak po Zaveshchaniu** *[Marriage]* **Under the Will] Vozvraschenie Sandry** *[Sandra's Return]*	Channel One	Russia	7.5	19.8
3	**Legavyy** *[The Informer]*	NTV	Russia	7.5	21
4	**Mentovskie voiny 5** *[Cop Wars 5]*	NTV	Russia	7.5	21.1
5	**Karpov**	NTV	Russia	6.9	21.3
6	**Odnolyub**y *[One True Love]*	Channel One	Russia	6.8	20.7
7	**Chuzhoy rayon** *[The Strange District]*	NTV	Russia	6.8	18.4
8	**Otrazhenie** *[Reflection]*	Channel One	Russia	6.6	19.6
9	**Pautina 5** *[Spiders Web 5]*	NTV	Russia	6.5	17.6
10	**Doroga v pustotu** *[A Road to Nowhere]*	Channel One	Russia	6.5	18.7

Source: TNS Russia

The broadcast of films on TV presents a slightly different situation. Despite the predominance of contemporary Russian-produced television dramas, the film exhibition field is more open to other categories of content than is the case with TV dramas. The ten most popular films broadcast on television in 2012 included Soviet productions (Moscow Does Not Believe in Tears, Ivan Vasilievich: Back to the Future, etc.), new made-for-television titles (Sniper 2: Tungus, V ozhidanii vesny [Awaiting spring], etc.), and cinema blockbusters (Six Degrees Of Celebration, Pirates of the Caribbean: On Stranger Tides).

Practically all federal broadcast channels offer Soviet films, which, as the ratings show, still command the highest audience shares.

Top 10 feature films broadcast by Russian networks

1 January–31 December 2012 (audience – 4+)

№	Title	TV channel	Country of production	Rating, %	Share, %
1	**Snayper 2: Tungus** [Sniper 2: Tungus]	Channel One	Russia	11.1	33.8
2	**Moskva slezam ne verit** [Moscow Does Not Believe in Tears]	Channel One	USSR	9.8	27.5
3	**Ivan Vasilyevitch menyayet profesiyu** [Ivan Vasilievich: Back to the Future]	Channel One	USSR	9.5	28.8
4	**Ironiya sudby, ili S legkim parom!** [The Irony of Fate, or Enjoy Your Bath!]	Channel One	USSR	9	24.4
5	**V ozhidanii vesny** [Awaiting spring]	Rossiya 1	Russia	8.2	23.3
6	**Yolki jk** [Six Degrees Of Celebration]	Channel One	Russia	8.1	21.8
7	**Lyubov na dva polyusa** [Love at Opposite Poles]	Rossiya 1	Russia	8.1	22.1
8	**Djentelmeny udatchy** [Gentlemen of Fortune]	Rossiya 1	USSR	7.9	21.3
9	**Pirates of the Caribbean: On Stranger Tides**	Channel One	USA	7.8	21.3
10	**Roman v pismah** [Romance in letters]	Rossiya 1	Russia	7.8	21.5

Source: TNS Russia

Rossiya 1 is the leading consumer of new Russian productions, replaying successful made-for-television films dozens of times. Channel One, NTV, and Domashniy also purchase first-run television film content, though in smaller volumes.

Channel One and Rossiya 1, and to a lesser degree NTV, regularly buy the latest Russian and Hollywood theatrical releases.
The remaining channels offer Western and domestic film hits produced in the 1990s–2000s.

Arthouse films also find support on Russian television. Channel One's Zakrytiy Pokaz [Private Screening], for example, which has aired every Friday since 2007, presents films along with industry critics and directors discussing various aspects of contemporary cinema.

The paid television market is gradually gathering steam. According to TNS Russia, in 2012 the audience share of monitored thematic paid channels reached 9.9%.

Currently, made-for-television films and theatrical releases can be added to the schedules of paid channels after they premiere on federal broadcast television. Today, Russia has over 300 paid channels, more than ten of which actively purchase film content. These active consumers of film content include film channels NTV plus, Viasat, Dom Kino, Karusel, Comedia TV, and Paramount Comedy.

Unlike the cinema distribution market, television has virtually no independent distribution structure. Television channel administrations mainly undertake content purchasing themselves. A number of distributors specializing in documentary films are active on the market, the most prominent among them being Studio U7, Total Content, Intra Communications, Twin, and Russian Report.

*Pavel Katkov, Maxim Kulish,
Xenia Leontyeva*

Online Piracy in Russia

In 2012, there was a change in the government's attitude towards the legal protection of intellectual property in the digital environment. This was evident in:

» The anti-piracy edict issued by the Prime Minister based on the results of the September meeting of the Government Council on the Development of the Russian Film Industry;

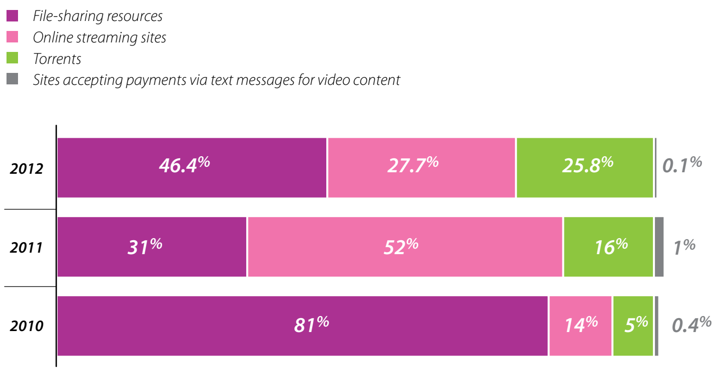
» Government support for the Anti-Counterfeit Forum in October;

» The signing of the agreement with the US in December on joining forces to combat online piracy (the United States – Russian Federation Intellectual Property Rights Action Plan) under the terms of Russia's accession to the WTO;

» The crafting of amendments to Part 4 of the Civil Code, encouraging main access providers and web hosting companies to assist copyright holders in the fight against online piracy, and the ratification of these amendments by the State Duma during the first reading.

Share of total pirate film downloads in Russia

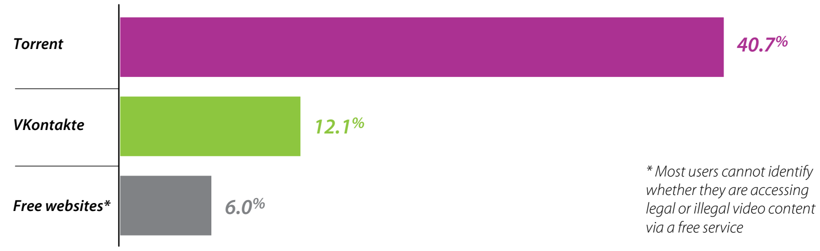
(by number of unlicensed copies)



Source: Internet Copyright Management

Use of websites with illegal content by Russian Internet users for the purpose of watching films in December 2012

(based on the total number of responses regarding the last three films viewed)



Source: Nevafilm Research

Furthermore, copyright holders themselves (film distributors and video-on-demand service providers) focused their efforts on combating online viewing of pirate video content, as this type of online piracy came to the fore in 2011. In addition to the vigorous steps being taken towards removing pirate content from pages on Vkontakte.com and other similar sites, the active proliferation of legal online video services also played a part in curbing the popularity of illegal online video content.

As a result, file-sharing websites were able to partially recapture some of the ground lost after 2010 in terms of the number of videos available on their sites. Notably, torrents and local networks remain some of the most problematic sites hosting illegal video content. They are more difficult to deal with due to flawed legislation (courts do not have a firm understanding of what comprises evidence of an offence by the torrents), and so they yield to demands to remove content less frequently than other pirate sites.

At the same time, the significance of sites offering purchases of unlicensed video content via text message has been reduced to zero, due in part to the high ratio of fraudulent transactions conducted under this scheme.

Note also that more and more sites with unlicensed video content are moving beyond the practice of providing one single method of delivering it to their users (streaming, download, or torrent) and now offer various options for accessing films. As a risk-reduction tactic, they often opt to embed links to legal content providers on their sites.

At the end of 2012, a new problem emerged with the rising number of sites offering online viewing of television channels, in both live streaming and recorded modes. At this point, the legality of a variety of resources is in question, but so far, neither TV channels nor providers have made serious efforts to identify those resources and protect the copyright owners of TV content shared in this manner.

As for the respective popularity of sources of unlicensed video content on the Russian Internet, according to a nationwide panel monitoring of online film viewers conducted by Nevafilm Research, in December 2012, torrents were most frequently used by respondents (41% of the three films last viewed by the respondents had been downloaded using a torrent), while the social network Vkontakte came in second, accounting for 12% of all viewings. Other free sites were in use by only 6% of the respondents (this category also included some services offering legal content, since respondents often cannot identify whether they are accessing legal or pirate content).

Xenia Leontyeva

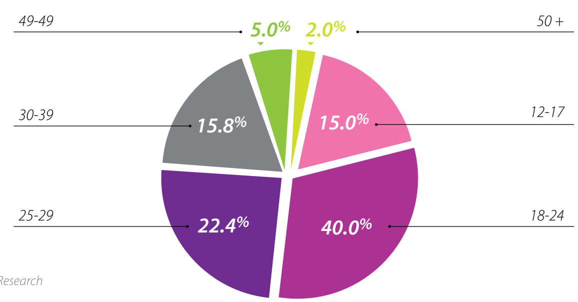
Cinemagoers

Cinema Audiences and Internet Users[1]

In early 2013, cinemas remained a leisure and recreation venue frequented primarily by young people. Over 90% of cinemagoers are under 40 years of age. Most of them (35.5%) are students or school pupils.

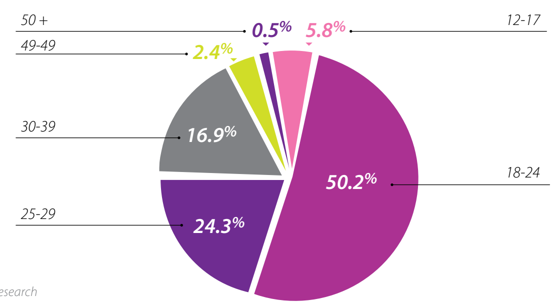
The average cinemagoer watches approximately four films per month, using various media, at least one of them in the cinema.

Average age of cinemagoers, *December 2012*



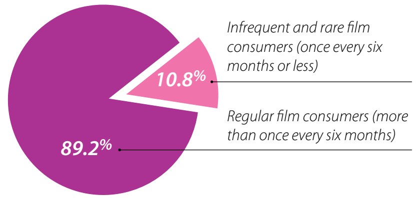
Source: Nevafilm Research

Average age of online film audiences, *December 2012*

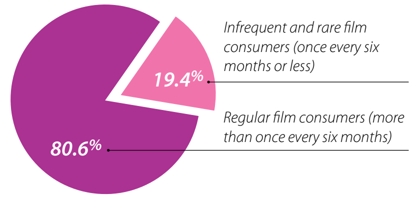


Source: Nevafilm Research

Frequency of cinema attendance by cinemagoers, *December 2012*

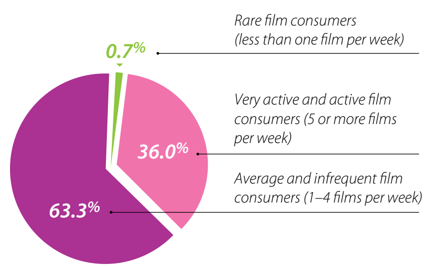


Frequency of cinema attendance by the users of film websites, *December 2012*

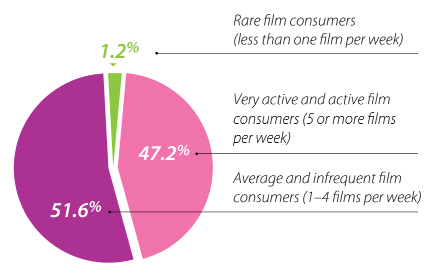


Source: Nevafilm Research

Frequency of film viewing by cinemagoers, *December 2012*



Frequency of film viewing by the users of film websites, *December 2012*



Source: Nevafilm Research

[1] Based on Nevafilm Research's Portrait of Russian Cinemagoers, (which drew on more than 18,000 surveys conducted in cinemas, by telephone, and on the Internet in December 2011) and the first phase of the Russian Nationwide Cinema Audience Monitoring project (2,500 surveys conducted with cinemagoers and online movie viewers in December 2012).

This time, the Internet audience proved to be older and more active than cinemagoers: it was dominated by viewers over 18 years of age and consisted of people who watched seven or more films per week. This segment of the audience is also less likely to go to the cinema.

Cinemagoers and Internet users have different film consumption practices. For example, people surveyed in cinemas were very loyal to the practice of watching films in a cinema, while Internet users consider free web resources (primarily torrents, with 40.7%) to be their primary film viewing channel, with cinemas in second place. In comparison with December 2011, several changes are apparent in the use of different film viewing channels by both audience groups.

Cinemas

» The percentage of surveyed cinemagoers who watch films primarily in the cinema has held steady since 2011.

» Although Internet users attend cinemas half as often, the number of films they watched on the big screen during the course of the year showed a slight increase.

Free websites

» Russian Internet users watch films online 2.5 times more often than those surveyed in cinemas.

» The popularity of free online video services has increased over the year (especially among cinemagoers, with an increase of nearly 50%).

Home video

» The frequency of DVD and Blu-ray film viewing dropped by nearly 50% over the course of the year.

Television

» Free television is twice as popular among cinemagoers as it is among viewers surveyed online.

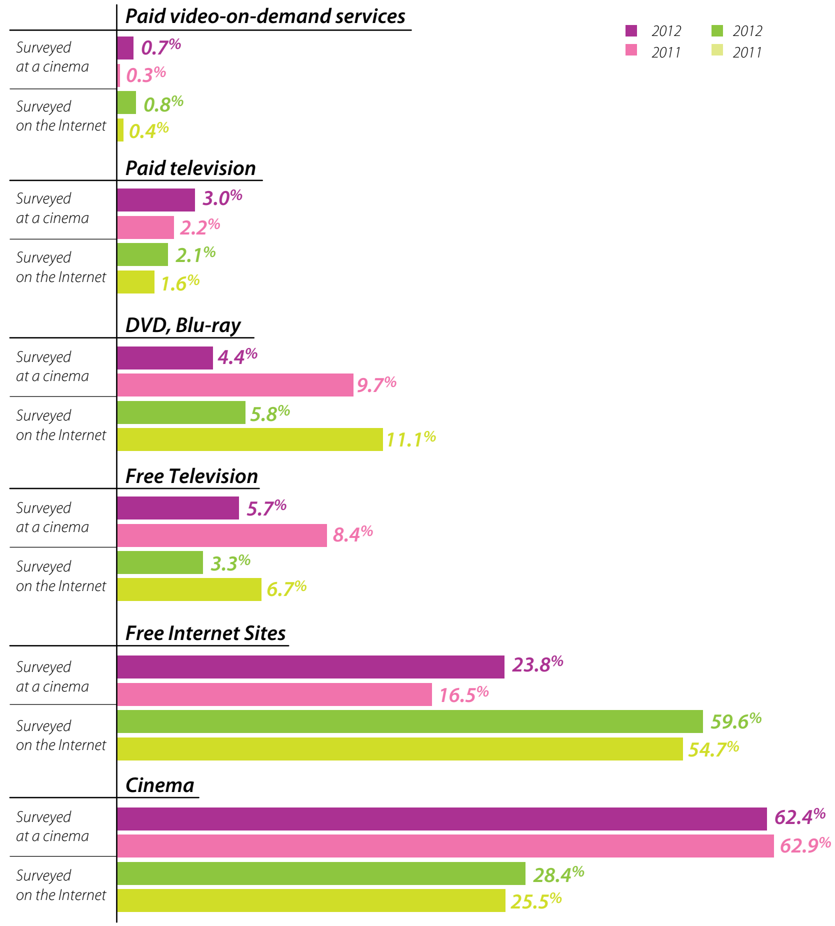
» Last year, all respondents watched half as many films on free broadcast channels as they had in the previous year.

» Paid TV remains unpopular, accounting for less than 1% of films cited by respondents.

Paid services

» Paid video-on-demand services are even less widespread than paid TV, and do not account for a significant segment of film viewing.

Film viewing channels. A comparison of cinema and Internet audiences



Source: Nevafilm Research

Alexander Luzhin, Ekaterina Nazarova

The Russian film festival market

The expansion of the Russian festival circuit

In 2012, more than 60 international, 30 national, and 50 regional film festivals took place across Russia. Almost all the festivals received financial support from federal and regional budgets. Thirty-six festivals received government subsidies sourced from the federal budget in the amount of RUB 196.4 million (including the Moscow International Festival which received RUB 120 million). Film festivals are fairly widely distributed geographically: most regional centres of the Russian Federation host at least one festival. The majority of festivals are held in Moscow, St. Petersburg, or Yekaterinburg.

The following film festivals and awards remain the largest and most prestigious in Russia: the Moscow International Film Festival and Sochi's Kinotavr, as well as the Nika, Golden Eagle, Bely Kvadrat (White Square), and Bely Slon (White Elephant) awards.

In turn, the average Russian viewer becomes more inclined every year to venture out to the cinema in order to see Russian films which have won awards at major Russian film festivals. With the ascent of digital projection, more festival films are being released into theatres than before. Their circulation is growing, and box office receipts are improving. In 2012, the average number of prints increased to 155 (compared with 112 in 2011), and average box office returns exceeded RUB 22 million, or about EUR 576,000 (in 2011, this came to RUB 14 million and EUR 344,000, respectively).

Russian prizes

Several film awards ceremonies are held in Russia annually, including the Golden Eagle (the film award of the National Academy of Motion Picture Arts and Sciences of Russia), the Nika (the film award of the Russian Academy of Cinema Arts and Sciences), the Bely Slon (White Elephant) (the film award of the Russian Guild of Film Critics), and the Blockbuster (the Film Business Today magazine prize). The winners of the Georges Film Award – the Russian People's Choice award – are determined by a mass online voting process.

Russia on the international film festival circuit

Russian filmmakers participate actively in international festivals of all levels. Over the past eight years (2004–2012), they received 77 awards at Class A international film festivals alone (accredited by the International Federation of Film Producers Associations). In 2012, Russian-made films brought home five awards from the world's largest international film festivals. In Russia, award-winning films, both domestic and foreign, tend to have a limited theatrical release, which is the likely reason behind their modest box office results. For example, in 2012, Russian films from the official selection of the major international film festivals averaged 48 theatrical prints and RUB 3.2 million at the box office, or EUR 80,500 per film (in 2011, the average box office was RUB 15 million, or EUR 378,000).

Recipients of the top Russian awards, 2012

Category	***Golden Eagle***	***Nika***	***Bely Slon (White Elephant)***
Best Feature Film	***White Tiger,*** *dir. Karen Shakhnazarov*	***Faust,*** *dir. Aleksandr Sokurov*	***Faust,*** *dir. Aleksandr Sokurov*
Best Documentary Film	***Anton's Right Here,*** *dir. Lyubov Arkus*	***Anton's Right Here,*** *dir. Lyubov Arkus*	***¡Vivan las Antipodas!,*** *dir. Victor Kossakovsky*
Best Animated Film	***Skazki starogo pianina*** *[Tales of an Old Piano. J.S. Bach], dir. Elena Petkevich*	***Bessmertniy*** *[The Immortal], dir. Mikhail Aldashin*	***Pishto uezzhaet*** *[Pishto Goes Away], dir. Sonya Kendel*

Box office earnings for winners of Russian awards, in theatrical distribution

Title	***Distributor***	***Release date***	***Number of prints***	***Number of viewers, thousands***	***Box office returns (millions)***	
					RUB	***EUR***
Faust	*Luxor*	*9.02.2012*	*130*	*100*	*23.3*	*0.6*
White Tiger	*Caroprokat*	*03.05.2012*	*525*	*547*	*101.1*	*2.6*
Anton's Right Here	*Drugoe Kino*	*11.10.2012*	*22*	*4*	*611.9*	*0.02*

Source: Booker's Bulletin

Russian film festival prize-winners in Russian distribution, 2012

Title, director	FestivalW	Prize	Distributor in Russia	Release date	Number of prints	Number of viewers, thousands	Box office returns (thousands)	
							RUB	EUR
Anton's Right Here, *dir. Lyubov Arkus*	*Artdocfest (Moscow)*	*Best Documentary Film*	*Drugoe Kino*	*11.10.2012*	*22*	*4.0*	*611.9*	*15.5*
Atomnyy Ivan *[Atomic Ivan], dir. Vasilij Barkhatov*	*The Spirit of Fire (Khanty-Mansiysk)*	*The Pavel Lebeshev Prize for Best Cinematography*	*Panorama Kino*	*29.03.2012*	*75*	*10.2*	*1,473.7*	*37.5*
In the Fog, *dir. Sergei Loznitsa*	*Andrei Tarkovsky International Film Festival 'Zerkalo'*	*Grand Prix*	*GP Group*	*22.11.2012*	*15*	*1,342*	*287.1*	*7.3*
	Amur Autumn (Blagoveshchensk)	*Best Actor*						
	Bondarchuk International Festival of Military and Patriotic Films 'Volokolamsk Line' (Volokolamsk)	*Special Prize*						
	East–West Film Festival (Orenburg)	*Best Actor*						
Dom Vetra *[House of Wind], dir. Vyacheslav Zlatopolskiy*	*The Spirit of Fire (Khanty-Mansiysk)*	*The Bronze Taiga for Best Actress*	*Panorama Kino*	*20.10.2011*	*25*	*3.2*	*684.6*	*16.7*
	The Spirit of Fire (Khanty-Mansiysk)	*The Bronze Taiga for Best Actor*						
Dom na Obochine *[The Roadside House], dir. Anton Sivers*	*Golden Knight International Film Festival*	*Grand Prix 'Golden Knight'*	*Central Partnership*	*9.02.2012*	*82*	*3.7*	*700.7*	*17.8*
The Daughter, *dir. Aleksandr Kasatkin*	*The St. Petersburg's International Film Festival 'Festival of Festivals'*	*Grand Prix 'Silver Gryphon'*	*Panorama Kino*	*29.11.2012*	*50*	*6.8*	*1,080.4*	*27.5*
	Amur Autumn (Blagoveshchensk)	*Grand Prix for Best Film*						
	Viva Russian Cinema! (St. Petersburg)	*Best Actress*						
	Viva Russian Cinema! (St. Petersburg)	*Best Director*						
	Stalker International Human Rights Film Festival (Moscow)	*Best Debut Film*						
Zhit *[Living], dir. Vasili Sigarev*	*Moscow Première*	*Popular Jury's Grand Prize*	*Utopia Pictures*	*30.08.2012*	*28*	*17.5*	*3,655.3*	*93.1*
	Moscow Première	*Best Actress*						
Expiation, *dir. Aleksandr Proshkin*	*Radiant Angel International Good Cinema Festival*	*Grand Prix*	*Caroprokat*	*01.11.2012*	*70*	*6.3*	*1,223.4*	*31.2*
	Kinotavr (Sochi)	*Best Cinematography*						
	Kinotavr (Sochi)	*Best Director*						
Kokoko, *dir. Avdotya Smirnova*	*Viva Russian Cinema! (St. Petersburg)*	*Best Score*	*Nashe Kino*	*14.06.2012*	*116*	*64.0*	*16,167.3*	*411.8*
	East–West Film Festival (Orenburg)	*Best Director*						
	Kinotavr (Sochi)	*Best Actress*						

…continued

Title, director	***Festival***	***Prize***	***Distributor in Russia***	***Release date***	***Number of prints***	***Number of viewers, thousands***	***Box office returns (thousands)***	
							RUB	***EUR***
Inadequate People, *dir. Roman Karimov*	*Amur Autumn (Blagoveshchensk)*	*Best Screenplay*	*Paradise*	*13.01.2011*	*74*	*90.6*	*18,439.3*	*450.1*
The Horde, *dir. Andrei Proshkin*	*Viva Russian Cinema! (St. Petersburg)*	*Best Screenplay*	*Volga*	*20.09.2012*	*539*	*401.5*	*86,294.2*	*2,197.9*
	The Spirit of Fire (Khanty-Mansiysk)	*The Golden Taiga Grand Prize*						
Rasskazy, *dir. Mikhail Segal*	*Moscow International Film Festival (MIFF)*	*The Silver George Prize for Best Director*	*WDSSPR*	*15.11.2012*	*182*	*110.0*	*25,778.5*	*656.6*
	Moscow International Film Festival (MIFF)	*The Silver George Prize for Best Actress*						
	Kinotavr (Sochi)	*Grigory Gorin Award for Best Screenplay*						
Solovey-razboynik *[Nightingale the Robber], dir. Egor Baranov*	*Window to Europe (Vyborg)*	*First prize 'Golden Shallop'*	*Paradise*	*22.11.2012*	*708*	*531.6*	*16,4011.7*	*4,177.3*
Samoubiytsy *[Suicides], dir. Egor Baranov*	*The Spirit of Fire (Khanty-Mansiysk)*	*Special Jury Prize*	*Paradise*	*01.03.2012*	*431*	*284.0*	*57,446.6*	*1,463.1*
So mnoyu vot chto proiskhodit *[Here's What's Happening to Me], dir. Viktor Shamirov*	*Kinotavr (Sochi)*	*Bely Slon Diploma of the Cinema Directing and Cinema Critics Guild*	*Drugoe Kino*	*06.12.2012*	*24*	*3.3*	*583.7*	*14.9*
I'll Be Around, *dir. Pavel Ruminov*	*Viva Russian Cinema! (St. Petersburg)*	*Grand Prize*	*Caroprokat*	*06.12.2012*	*83*	*5.2*	*1,172.7*	*29.9*
	Viva Russian Cinema! (St. Petersburg)	*Best Actor*						
	Kinotavr (Sochi)	*Grand Prize*						
	Amur Autumn (Blagoveshchensk)	*Best Actress*						
	Window to Europe (Vyborg)	*Third 'Golden Shallop' Prize*						
	Stalker International Human Rights Film Festival (Moscow)	*Grand Prize*						
	Stalker International Human Rights Film Festival (Moscow)	*Best Actress*						
Ya tozhe khochu *[Me Too], dir. Aleksey Balabanov*	*Stalker International Human Rights Film Festival (Moscow)*	*Best Actress*	*Nashe Kino*	*13.12.2012*	*128*	*29.8*	*6,909.7*	*176.0*
	Radiant Angel International Good Cinema Festival	*Third Prize*						
	Kinoshock Open Film Festival of CIS countries, Latvia, Lithuania, and Estonia (Anapa)	*Film Press Award*						
	St. Petersburg Film Festival	*Best Director*						
	2morrow	*Best Story*						

Source: Booker's Bulletin

2012 Russian box office grosses for domestic feature-length films which won awards at the major festivals

Title, director	Festival	Prize	Distributor in Russia	Release date	Number of prints	Number of viewers, thousands	Box office returns (thousands)	
							RUB	EUR
Anton's Right Here, *dir. Lyubov Arkus*	*Venice Film Festival (Italy), 29 August–8 September*	*Silver Mouse FIPRESCI prize*	*Drugoe Kino*	*11.10.2012*	*22*	*4.0*	*611.9*	*15.5*
In the Fog, *dir. Sergei Loznitsa*	*Cannes Film Festival (France), 16–27 May*	*FIPRESCI prize*	*GP Group*	*22.11.2012*	*15*	*1.3*	*287.1*	*7.3*
	Ninth Yerevan International Film Festival 'Golden Apricot', 8–15 July	*FIPRESCI Prize for Best Drama*						
	3rd International Film Festival in Odessa (Ukraine), 13–20 July	*Prize for Best Film*						
	19th Minsk International Film Festival (Belarus), 2–9 November	*Festival Grand Prix 'Zoloto Listopada'*						
	Film Festival Cottbus – Festival of East European Cinema (Germany), 6–11 November	*Best Actor, Vladimir Svirskiy*						
The Conductor, *dir. Pavel Lungin*	*Shanghai International Film Festival (China), 16–24 June*	*Best Actor, Vladas Bagdonas*	*Pavel Lungin Studio*	*29.03.2012*	*115*	*45.7*	*10,857.2*	*276.5*
Expiation, *dir. Aleksandr Proshkin*	*Montreal World Film Festival (Canada), 28 August–3 September*	*Best Dramatic Contribution*	*Caroprokat*	*11.10.2012*	*70*	*6.3*	*1,223.4*	*31.2*
Elena, *dir. Andrey Zvyagintsev*	*Tromsø International Film Festival (Norway), 17–22 January*	*Aurora Grand Prix*	*Non-Stop Production*	*29.09.2011*	*75*	*95.7*	*20,481.3*	*500.0*
Beduin *[Bedouin], dir. Igor Voloshin*	*Mons International Love Film Festival (Belgium), 15–22 February*	*Crystal Heart Award for Best Actress, Olga Simonova*	*Bulldozerfilms*	*15.03.2012*	*14*	*2.2*	*611.0*	*15.6*
	FEST Belgrade International Film Festival, 24 February–4 March	*Festival Grand Prix*						
Gulf Stream Under the Iceberg *(Russia/Latvia), dir. Yevgeni Pashkevich*	*Lielais Kristaps National Film Festival (Latvia), 11–16 April*	*Best Film*	*n/a*	*26.06.2012*	*n/a*	*n/a*	*n/a*	*n/a*
Zhit *[Living], dir. Vasili Sigarev*	*12th International Film Festival of Central and Eastern European Film GoEast (Germany), 18–24 April*	*Golden Lily for Best Film, International Film Critic's Award (FIPRESCI Prize)*	*Utopia Pictures*	*30.08.2012*	*28*	*17.5*	*3,655.3*	*93.1*
	19th Minsk International Film Festival (Belarus), 2–9 November	*Best Director Award Best Actress, Yana Troyanova*						
Zolotaya rybka v gorode N *[The Golden Fish in the City of N], dir. Stepan Puchinyan*	*45th Houston International Film Festival (USA), 13–23 April*	*Golden Remi Award for Best Family Film*	*RUSCOCI*	*24.11.2011*	*22*	*2.5*	*543.1*	*13.3*
PiraMMMida, *dir. Eldar Salavatov*	*45th Houston International Film Festival (USA), 13–23 April*	*Special Award in Foreign Film category*	*UPI*	*07.04.2011*	*289*	*164.0*	*32,918.3*	*803.5*
4 Days in May, *dir. Achim von Borries*	*15th Berdyansk International Brigantine Film Festival (Ukraine)*	*Grand Prix for Best Actor, Aleksey Guskov*	*Paradise*	*16.02.2012*	*56*	*7.1*	*1,095.4*	*27.9*

…continued

Title, director	Festival	Prize	Distributor in Russia	Release date	Number of prints	Number of viewers, thousands	Box office returns (thousands)	
							RUB	EUR
Dom Vetra [House of Wind], dir. Vyacheslav Zlatopolskiy	15th Berdyansk International Brigantine Film Festival (Ukraine), 29 May–2 June	Best Actress, Polina Kutepova	Panorama Kino	20.10.2011	25	5.6	669.0	16.3
Generation P, dir. Victor Ginzburg	Shaken's Stars International Film Festival in Almaty (Kazakhstan), 30 May–2 June	Best Debut Film	Caroprokat	14.04.2011	542	613.5	122,638.3	2,993.4
Chapiteau-show, dir. Sergei Loban	11th Transylvania International Film Festival (Romania), 1–10 June	Best Actor Award, Vladas Bagdonas	Organic Films	26.01.2012	68	77.4	21,243.6	593.8
Konvoy [The Convoy], dir. Aleksei Mizgiryov	8th Eurasia International Film Festival in Almaty, Kazakhstan, 17–22 September	Best Actor Award, Azamat Nigmanov, (FIPRESCI prize)	Drugoe Kino	29.11.2012	21	955	148.7	3.8
Rasskazy, dir. Mikhail Segal	19th Minsk International Film Festival (Belarus), 2–9 November	Special Jury Prize	WDSSPR	15.11.2012	182	110.0	25,778.5	656.6
Chastnoe pionerskoe, dir. Aleksandr Karpilovsky	Listapadzik 2012 Minsk International Festival of Children and Youth Audience (Belarus), 2–9 November	Festival Grand Prix; Best Actor, Roman Madyanov	n/a	January 2013	n/a	n/a	n/a	n/a
Kokoko, dir. Avdotya Smirnova	12th Film Festival Cottbus – Festival of East European Cinema (Germany), 6–11 November	Best Actress Award, Anna Mikhalkova and Yana Troyanova	Nashe Kino	14.06.2012	116	64.0	16,167.3	411.8
Everybody's Gone (Russia/Georgia/Czech Republic), dir. Georgiy Paradzhanov	16th Tallinn Black Nights Film Festival (Estonia), 12–28 November	TridentsHerring Award for Best Baltic Film	n/a	28.03.2013	n/a	n/a	n/a	n/a
The Daughter, dir. Aleksandr Kasatkin, Natalia Nazarova	16th Tallinn Black Nights Film Festival (Estonia), 12–28 November	FIPRESCI prize	Panorama Kino	29.11.2012	50	6.8	1,080.4	27.5
Siberia, Monamour, dir. Slava Ross	10th Tirana International Film Festival (Albania), 23 November–2 December	Festival Grand Prix, Best Cinematography Prize, Yury Raysky	Exponenta Plus	20.11.2011	34	5.3	692.4	16.9

Source: Booker's Bulletin

Box office returns for international festival winners

In 2012, not a single award-winning foreign film from the three major international festivals (Cannes, Venice, and Berlin) exceeded a circulation of 100 prints in Russia. The largest circulation in 2012 – 83 prints for Paul Thomas Anderson's The Master – was about a quarter the size of the circulation of The Tree of Life in 2011. This explains the low box office returns for this group of films. The average circulation of an award-winning foreign film was merely 30 prints (compared with 94 last year). As a result, the average box office gross for a festival-winning film in 2012 was about RUB 2 million (EUR 49,200), whereas in 2011 the figure was much higher (RUB 20 million, or EUR 488,000).

In 2012, the companies handling the distribution of foreign award-winning films included Cinema Without Frontiers, UPI, Drugoe Kino, and Cinema Prestige. Russian festival films were distributed to cinemas by Nashe Kino, Panorama Kino, Paradise, Caroprokat, Non-Stop Production, Volga, and OrganicFilms.

2012 Russian box office for foreign award-winning films from major international festivals

Title, director	Country of production	Festival	Prize	Distributor in Russia	Release date	Number of prints	Number of viewers, thousands	Box office returns (thousands)	
								RUB	EUR
Caesar must die, dir. Paolo and Vittorio Taviani	Italy	Berlin International Film Festival	Golden Bear Grand Prix	Drugoe Kino	23.08.2012	32	7.1	1,300	33.1
Barbara, dir. Christian Petzold	Germany	Berlin International Film Festival	Silver Bear for Best Director	Cinema Prestige	16.08.2012	20	3.3	563	14.3
Tabu, dir. Miguel Gomes	Portugal, Brazil	Berlin International Film Festival	Alfred Bauer Award	Drugoe Kino	01.11.2012	20	2.0	373	9.5
Amour, dir. Michael Haneke	France	Cannes Film Festival	Palme d'Or	Drugoe Kino	25.10.2012	50	24	4,800	122.3
Reality, dir. Matteo Garrone	Italy	Cannes Film Festival	Grand Prix	Cinema Prestige	11.10.2012	26	2.9	645.9	16.5
The Angels' Share, dir. Ken Loach	UK	Cannes Film Festival	Jury Prize	Russkii Reportazh	27.09.2012	30	16	3,115.6	79.4
Beyond the Hills, dir. Cristian Mungiu	Romania, Belgium, France	Cannes Film Festival	Best Screenplay	Cinema Without Frontiers	25.10.2012	24	3	616	15.7
Beasts of the Southern Wild, dir. Benh Zeitlin	USA	Cannes Film Festival	Golden Camera Award for Best Debut, FIPRESCI Prize for Best Film in the Un Certain Regard competition	Drugoe Kino	05.07.2012	20	4.6	814	20.7
After Lucia, dir. Michel Franco	Mexico	Cannes Film Festival	Un Certain Regard Special Jury Prize	P&I Films	04.10.2012	4	3.1	564	14.4
Pieta, dir. Ki-duk Kim	South Korea	Venice Film Festival	Golden Lion	Cinema Without Frontiers	22.11.2012	33	6.6	1,400	35.7
The Master, dir. Paul Thomas Anderson	USA	Venice Film Festival	Silver Lion for Best Director, FINPRESS for Best Film	Volga	14.02.2013	83	30.0*	8,700*	221.6*
Paradise: Faith, dir. Ulrich Seidl	Austria, France, Germany	Venice Film Festival	Special Jury Prize	Cinema Without Frontiers	28.03.2013	17	1.2*	308*	7.8*

Source: Booker's Bulletin

* Still in distribution as at 31 March 2013

Alexander Luzhin

Film education

Over the past decade, filmmaking has undergone some major changes due to the introduction of digital technologies, which have presented completely new challenges to those employed in the film industry, and created a need for professionals with new skill sets. However, the film education system in Russia was not prepared to adequately handle the task of mass retraining, resulting in an acute shortage of qualified staff. In 2012, this problem was finally recognized at the federal level, and the Ministry of Culture of the Russian Federation, working in cooperation with public film organizations, compiled a list of specialisms that are currently in high demand by the film industry. It turned out that out of the 127 specialisms included on that list, the major film schools in the country – the All-Russian State University of Cinematography (VGIK) and St. Petersburg State University of Film and Television (SPbGUKiT) – were offering training in just 16. In the 53 other institutions of higher learning and specialized secondary education involved in schooling future film industry professionals, training is offered in no more than five specialisms, and the material and technical resource base of these institutions does not meet modern requirements.

Therefore, in 2012, the Ministry began working on a project to create a unified educational facility offering additional training and retraining for film professionals as part of the Film and Photography Research Institute. The centre's main goal is to organize and implement ongoing retraining courses for all in-demand film specialisms, with the intention of supplying the industry, over the next five years, with the required number of highly qualified professionals to produce a competitive film product.

Yet another step taken in the same direction was to transform the four specialized secondary institutions (the Soviet, Sergiev-Posad, Irkutsk, and Rostov vocational schools with a focus on film) into affiliated branches of VGIK. Until recently, these educational institutions had concentrated on training film reel projectionists, but now that their status has been upgraded, and enlisting the support of the biggest film school in the country, they will start training mid-level professionals across a broad gamut of occupations.

In 2012, Mosfilm's long-standing practice of helping to prepare today's film professionals by annually offering several three to eight month-long free courses in a variety of film trades was adopted by other major studios. The film school at the Sverdlovsk Film Studio is perpetually expanding its range of training, while Glavkino Film Studio has introduced such initiatives as Kinokampus and Kinolager in order to remedy the lack of professionally trained screenwriters. In an effort to improve its flagging self-sufficiency over the past few years, Lenfilm started a collaboration with SPbGUKiT to create a hybrid educational and vocational department at the studio, and founded a make-up and special effects school called Piter FX.

Performance of Russian higher education establishments specializing in film-making for the 2011-2013 academic years (September to July)

Institutions	VGIK, The Russian State University Of Cinematography[1]		St. Petersburg State University of Film and Televisio[2]		The Higher Courses of Film Writers and Directors Institute[3]	
Indicators / Academic years	**2011/12**	**2012/13**	**2011/12**	**2012/13**	**2011/12**	**2012/13**
Number of graduates	300	—	1200	—	—[4]	—
Number of students	1694	1678	6091	6078	113	113
Number of international students	179	156	120	169	12	12
Number of state-funded students	1097	1087	3106	3115[5]	—	—
Number of departments	7		6		3	
Number of specialities	11		49		3	
Number of postgraduate students	77	79	93	99	—	—
Number of postgraduate degrees awarded	no	14	24	—	—	—
Paid courses (including preparatory courses)	11		241			

Source: university data

[1] http://www.vgik.info
[2] http://www.gukit.ru/
[3] http://www.kinobraz.ru/

[4] The Higher Courses of Film Writers and Directors Institute offers courses lasting 18 months or two years. Since students are admitted in all disciplines at the same time, graduations occur only once every one and a half to two years.

[5] Previous editions of the review of the state of the Russian film industry (for 2011 and 2010) included an inaccuracy. The number of free places at St. Petersburg State University of Film and Television took into account first-year students only. The percentage of students whose tuition fees are covered by the state is approximately 51%, rather than the 13% which was cited previously. In total, in two universities (The All-Russian State University of Cinematography, and St. Petersburg State University of Film and Television), 54% of students have their tuition fees covered by the state.

In 2012, international educational projects in Russia also developed further. The first Summer Screenwriting Workshop took place in 2012, organized by the Association of Film and Television Producers in conjunction with the University of Southern California and VGIK, with support of the Ministry of Culture. Partially subsidized by the government, the six-week programme is designed for screenwriting professors and professional screenwriters working in the industry. Sixteen professionals graduated from the programme in its first year. In 2013, the plan is to establish two-year Masters Courses with the Association of Producers of Film and Television, using the same foundation. The Generation Campus project continues to grow, constantly expanding the range of its laboratories: in 2012, the number of labs increased to six; in 2013, a total of eight labs are in the works (Directing, Screenwriting, Producing, Documentary, Cinematography, Acting, Composing and Music Production, and Animation).

In 2012, Nikita Mikhalkov's Summer Film Academy was in session for the first time, giving 35 working professionals the chance to hone their skills. This year, the number of participants is expected to reach 40.

The Moscow Film School (a joint project of Scream School and the British Higher School of Art and Design) and the Moscow School of New Cinema, helmed by producer Gennady Kostrov and director Dmitry Mamuliya, started operating on a permanent basis. An important trait of all the aforementioned projects is a highly selective and competitive approach to choosing the participants in their programmes.

Taken together, the changes underway in both the public and private educational sectors inspire great hope that the problem of the lack of qualified professionals in the Russian film industry can be resolved.

Main existing educational retraining programmes for film specialists

Name of film school	Film Producer	Producer/Director	Director	Documentary Director	Animated Film Director	Cinematographer	Film Editor	Editor	Sound Engineer	Sound Producer	Screenwriter	Production Designer	Animation Designer	Cinema Expert, Cinema Critic	Short Films	Visual Effects	Composer	Motion Designer	Animator	Make-up Artist	TOTAL
Moscow Film School	✓					✓		✓	✓		✓	✓									6
Film and television courses at the All-Russian State University of Cinematography (VGIK)	✓		✓	✓			✓				✓										5
Film Department at the Studio School for Performing Arts, Film, and Television	✓		✓			✓		✓													5
Cinemotion	✓			✓							✓				✓						4
Scream School																✓	✓	✓	✓		4
Lestnitsa Cinema School			✓			✓	✓				✓			✓							4
Moscow School of New Cinema			✓			✓					✓			✓							4
Wordshop Communications Academy	✓							✓			✓										3
GITR, vocational training and requalification programme, Film Direction course	✓						✓			✓											3
Sverdlovsk Film Studio film school			✓			✓					✓										3
Moscow State University of Design and Technology Institute of Social Engineering School of Television and Design (First National School of Television)				✓							✓										2

…continued

Name of film school	Film Producer	Producer/Director	Director	Documentary Director	Animated Film Director	Cinematographer	Film Editor	Editor	Sound Engineer	Sound Producer	Screenwriter	Production Designer	Animation Designer	Cinema Expert, Cinema Critic	Short Films	Visual Effects	Composer	Motion Designer	Animator	Make-up Artist	TOTAL
Russian State University for the Humanities Art History Department Professional School of Artistic Practices and Museum Technologies				✓							✓										2
School-Studio SHAR					✓								✓								2
Studio of Individual Directing (MIR)		✓																			1
Moscow Institute of TV and Radio, Film & Television Department			✓																		1
National Research University Higher School of Economics Media and Communications Department Producing feature and television films	✓																				1
School of Film (at the mozga.ru studio)															✓						1
Marina Razbezhkina and Mikhail Ugarov School of Documentary Film and Documentary Theatre				✓																	1

Source: company data, MRC

Yulia Petrova

Exhibitions, conferences and forums in Russia

Every year in Russia, a number of activities take place with the primary purpose of uniting all areas of the film industry, addressing the problems of national cinema, furthering the development of international collaboration, and promoting Russian films abroad.

The Russian International Film Market is a large-scale event for the film industry, bringing together more than 1,000 participants from Russia, the CIS, and Baltic countries. The Film Market offers a prime setting to promote a film or production company on the market. Activities taking place during the event include repertory planning, conclusion of contracts for the technical refurbishment of cinemas, screening of movie premieres, announcement of new films, and specialized seminars on current issues in the film industry. Held three times a year, the Market takes place at the World Trade Centre in Moscow in March and November/December, as well as in Sochi in June, in conjunction with the Kinotavr Film Festival.

Kino Expo Annual International Professional Film Industry Convention and Trade Fair takes place in September in St. Petersburg. Its main mission is to stimulate further development of the film industry in Russia through attracting new investment; introducing new film production, distribution, and exhibition technologies; managing cinemas and cinema chains; sharing knowledge; and exchanging ideas between those involved in the market. Presented at the Expo is a comprehensive support base for establishing and effectively operating a modern cinema, in addition to a full gamut of equipment and services for film production, film distributors, and the film industry as a whole. Every year, Kinoalliance Non-Profit Partnership's conference and the Cinema Business international conference take place as part of Kino Expo.

Moscow Business Square is the business platform of the annual Moscow International Film Festival. The programme consists of round table discussions and workshops, bringing together leading experts from the international film industry. In 2012, the fourth Moscow Co-Production Forum, one of the largest markets for co-produced feature films in the CIS, Baltic countries, and Georgia, took place as part of Moscow Business Square. The Forum's programme included the 23 most promising co-production projects selected from 100 submissions.

Exhibitions, conferences and forums in Russia

Title	***Website***	***Frequency***	***Number of participants in 2012***	***Number of exhibitors in 2012***	***Date and location in 2013***
Russian International Film Market	*kinorinok.ru (Russian only)*	*Three times a year*	*More than 3,000*	*About 200*	*10–14 March, Moscow*
Kino Expo International Convention and Trade Fair	*kinoexpo.ru*	*5–10 June, Sochi*	*More than 2,000*	*More than 80*	*10–14 March, Moscow* *5–10 June, Sochi* *November – December, Moscow*
Moscow Business Square, the business platform of the Moscow International Film Festival (MIFF)	*mbsquare.com (Russian only)*	*Once a year*	*More than 400*	*23 film projects*	*20–29 June, Moscow*
NATEXPO International Exhibition of professional equipment and technologies for television, radio, and Internet broadcasting, and film production	*natexpo.ru*	*Once a year*	*1,980*	*170 stands, 395 companies*	*19–21 November, Moscow*
Cinema Production Service, a specialized exhibition of television and film production services (CPS)	*rosinex.ru*	*Once a year*	*More than 3,000*	*46*	*12–14 March, Moscow*
Moscow TeleShow, an international broadcast content market	*teleshow.ru*	*Twice a year*	*More than 300*	*About 150*	*14–16 May, Moscow* *November, Moscow*
Red Square Screenings, an international film market (screening Russian films for international film industry professionals)	*international.fond-kino.ru*	*Once a year*	*More than 400*	*More than 60 projects*	*Preliminary dates: 21–24 October, Moscow*

NATEXPO is an international exhibition of professional equipment and technologies for TV, radio, and Internet broadcasting and film production, which is held in Moscow every November. This project is designed to integrate and streamline the development of electronic media and communications in Russia. The exhibition brings together manufacturers of technical equipment and new technology, as well as software, and related sectors such as satellite and cable TV and broadband multimedia.

Cinema Production Service is a specialized exhibition of television and film production services. The exhibition presents the latest digital and video technologies, as well as entire product lines servicing the film sector, including cameras, colour correction systems, and editing systems. It includes presentations of new professional software used in creating animated films, and new technological solutions in the manufacture of film equipment.

Moscow TeleShow, an international broadcast content market, is Russia's only market dedicated to films and programmes for terrestrial, cable, and satellite television. The international market is held twice a year – in spring and autumn – at the InfoSpace International Exhibition Centre. It is a platform for fostering partnerships between Russian media and television companies, media firms, and television organizations, including those from neighbouring countries. It is at Moscow TeleShow that the annual MediaBrand conference takes place.

Red Square Screenings is an international event devoted to showing new Russian film projects to international film industry professionals. The new project brought together the former Project for Tomorrow/ CentEastMoscow Film Forum (previously held as part of the 2morrow/Zavtra local film festival in 2009–2011), and Moscow Screenings (held as part of Moscow Business Square). In 2012, the event was attended by over 100 representatives of major film markets, film festivals, and international distribution companies; CEOs of leading French companies; and representatives from the Swedish, Dutch, and British film industries. They were shown 50 Russian films produced in 2011–2012, and introduced to 10 projects in production.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