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ESSENTIAL MEDIA'S GLOBAL ELEVATION

In terms of any business benchmark, **Essential Media and Entertainment** has had a sterling year, capped off by two significant multi-million-dollar transactions for both its scripted and unscripted arms. In the context of Australian media business success metrics, however, it has been exceptional.

Yet to take a line from *Rake's* Cleaver Greene, Essential co-founder Chris Hilton could still find ways to out-Nietzsche you at five paces.

Hilton founded Essential with a love of factual story telling at its heart and global audience reach in its DNA and built it with co-founders Sonja Armstrong and Ian Collie into a documentary and drama powerhouse that has not only produced a slate of the most progressive and game shifting documentary and drama but developed and nurtured a generation of Australian talent on both the production and creative realms.

But for a man whose first filmed creative endeavour was climbing Sydney Tower, illegally, and immortalising it in the 1987 work, *Aspire*, Hilton's quest remains uncharted.

In September last year, Fremantle Media procured Essential's drama division. The scripted unit, headed by Collie, created a prodigious and consistently sophisticated slate powered by the pool of Australia's best writing and directing talent (Peter Duncan, Andrew Knight, Daniel Nethiem, Kriv Stenders, et al.), producing *Jack Irish*, *Rake*, *Doctor Doctor* and *The Principal*.

As part of the deal Collie exited the company to set up a re-branded, drama production house Easy Tiger, majority-owned by FremantleMedia.

In April, Canadian stock exchange listed, Kew Media Group swooped on Essential Quail Media Group, a JV with producer Greg Quail, for an initial AUD\$32.8 million (\$20.0 million cash and \$12.8 million in shares). Under the transaction terms there is capacity to make the same again based on 15% annual growth over the next three years. The valuation of over \$60 million was based on EQ Media's combined US and Australian entities.

Hilton would like to see the Australian capital markets investing in Australian production companies commensurate with North American and European markets. He also has a vision for what should be the inevitable rise of a wholly Australian created and financed superindie.

"Due to the 10BA issues in the 1980's where there was a stink about dodgyness in Australian media, financial institutions grew wary of investing in media," he notes. A scenario which has led in part to our greatest independent production companies being snapped up by acquisitive global media players, like NBCU, Sony, Banijay and EOne.

“Historically, unfortunately there are no local examples that have achieved explosive growth to the next level like a LionsGate - by developing content and buying channels or using capital to grow and diversify.”

If any shift is to occur, Hilton says there must a rise in Australian risk taking. “Success begets success. Someone has got to do it and prove it can be done but perhaps Australia is not the place to do that from. Ultimately, we are a long distance from the mature media markets of North America and Europe.”

Hilton splits his time between Australia and the US and prior to the transactions was steering group management across Essential Australia, Essential Canada, Essential USA and EQTV. He credits part of Essential’s success to being globally active with the luck of good partners like Greg Quail and Jesse Fawcett and who are strategically engaged in the markets they are developing for and selling to.

“Having a development department in LA is key to growing an international TV business. We initially tried to set up an in the UK but it was difficult to manage a business with such a crazy time zone difference. We decided LA was more accessible and less competitive, little did I know of would take 5 years. In the end after hard work and a bit of luck we made a go of it there and the risk paid off”.

According to Hilton, Australia’s barriers to global competitiveness persist; with our audiences being English speaking and therefore very accepting of US and UK programming, a small population base, a limited number of broadcasters, a discrepancy in content quotas and lacking the regulatory protection that markets like the Canadians have.

“We don’t have a strong local market to leverage off. The Brit’s spend 10 times what we do on original programming per capita” he opines.

Despite the barriers, Hilton and Essential thrive on the challenges.

To be a successful producer is to be able to handle the vagaries of rejection, Hilton warns. “It is brutal odds, disappointingly brutal. One in five of your pitches will get traction, if you are lucky, one in ten is more likely. While only 10% of unscripted shows on cable get picked up from first series to second series” he warns.

“You need to keep on developing and keep on keeping on. Don’t take nos as a rejection of who you are or what you do ... just move on to the next project. The making of a producer is being robust enough to handle that rejection and have a lot of tenacity and self-belief.”

Above all, Hilton advises producers that want a viable production business that that means being international.

“Get on a plane. Go and meet people and find out what people want. If you want to be producer and be in control of your projects and your destiny, you need to go to markets like Mipcom, Seriesmania or RealScreen, set up meetings and be naive and be gauche, pitch the wrong things to the wrong people, learn from your mistakes and have a thick skin.”

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About Screen Producers Australia:

Screen Producers Australia was formed by the screen industry to represent large and small enterprises across a diverse production slate of feature film, television and interactive content. Our members employ hundreds of producers, thousands of related practitioners and drive more than \$1.7 billion worth of annual production activity from the independent sector.

On behalf of these businesses we are focused on delivering a healthy commercial environment through ongoing engagement with elements of the labour force, including directors, writers, actors and crew, as well as with broadcasters, distributors and government in all its various forms. This coordinated dialogue ensures that our industry is successful, employment levels are strong and the community's expectations of access to high quality Australian content have been met.