Pinewood Shepperton PLC is the largest film production company in the UK. It has seen significant growth over last 2 years, with new studios in the US, Asia and a joint venture in China. UK growth is also on the horizon following recent approvals for a £200m expansion in the Buckinghamshire Greenbelt and a new studio in Wales. Net income at the firm decreased in 2011-2012 and slightly increased in 2013.

**Movie & Entertainment Market**
- UK market forecast to have a value of $6.5 billion, a decrease of 7.1% beginning in 2013 with a compound annual rate of change of the market 2013–18 predicted to be -1.3%
- The Global Outlook is more positive. The 2013 PwC Entertainment and Media Outlook forecast growth at 3.6% per annum 2013 - 2017
- Developing countries with fast growing populations and emerging middle classes are underwriting global growth
- Pinewood is becoming an increasingly diverse company geographically, and the legal issues it deals with in these operations are likely to be cross-border and international in scope

**Drivers affecting industry growth:**
- Consumer spending - consumer’s willingness to use disposable income for films
- Technology Innovation - advances film production and related technology technology
- Government Regulations - changes in laws and regulations, (e.g. tax incentives)
- Labour - multiple unions representing different trades

**Industry trends impacting Pinewood:**
- Large media companies are growing – for example Pinewood’s expansion overseas and in the UK
- Companies are co-financing and sharing risks – for example Pinewood’s joint venture with a Chinese company
- Technical innovation continues, including digital recording, computer generated special effects, etc. - Pinewood’s commitment to digital is expressed in its 2014 Annual Report
- Film studios will benefit from increased investments in franchise-based films and higher-margin TV shows
- Revenues are increasing from an array of paid digital platforms
- Studios are cost cutting by consolidating back-end operations, including information technology and finance
- Financial incentives are determining the viability of filming in certain locations
- The cost of filming in a location plays an increasingly important role in studio selection

**New opportunities:**
- Digital production and distribution - this requires investment in new technology but digitally recording films reduces expenses
- Foreign markets - provide new markets for distribution but also new locations for expansion of production facilities - for example, China
- Tax incentives for television draws in non-UK investments in television production

Sources: ProQuest; Yahoo Finance; China Daily USA; Nasdaq.com; Bloomberg.com; and Marketwatch.com
**Key Personnel**

- **CEO and Executive Director:** Ivan Dunleavy
- **Legal Counsel:** Magdalena Duke
- **Group Finance Director and Executive Director:** Chris Naisby
- **Group Director Technology:** Darren Woolfson
- **Dir. of Strategy & Communications, Company Secretary and Executive Director:** Andrew M. Smith
- **Steve Christian:** Executive Director

**Key Advisors**

- **Primary Accountant:** Deloitte & Touche LLP
- **Go-To Law Firms**
- **Litigation:** Travers Smith LLP has a long-standing relationship with the company
- **Trademarks:** Wildbore & Gibbons LLP; Abelman, Frayne & Schwab

## SWOT Analysis

### STRENGTHS

- Strong financial performance
- Sophisticated studio infrastructure and talent
- Excellent company reputation and brand
- Geographically Diverse - studio locations in Europe, US, Caribbean and Asia
- Studio has revenue from both film and TV side of the business

### WEAKNESSES

- Majority of revenue depends on a small group of core customers
- Key London location is very high cost

### OPPORTUNITIES

- Expanding global market for film and video production
- Major expansion of Pinewood Studios will allow handling of more, and larger productions

### THREATS

- Filming location decisions are increasingly being made on cost considerations
- Exchange Rates can have a major impact on cost of international film production
- Competitor locations are competing aggressively using various forms of financial incentives
- Evidence that Hollywood Studios are increasingly making larger, but fewer, productions
- More film studios are being built in developing countries in Asia, Eastern Europe and Africa

Sources: Global Data Financial and Strategic Analysis Review; Marketline; and company website
**Business Overview**

**Pinewood Studios** was established in 1936 and merged with Shepperton Studios in 1994.

- **Industry**: Motion Picture and Video
- **LSE**: PWS
- **Website**: http://www.pinewoodgroup.com
- **Majority Investor**: Peel Holdings (Management) Limited (58.05% Owned)

**Top Competitors:**
- Barrandov Studios
- Cinecittà Luce
- Ealing Studios
- EUE Screen Gems
- Raleigh Studios
- Twickenham Studios
- Village Roadshow Studios
- Warner Brothers Studios

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**2014 News Highlights**


“UK and China sign film co-production treaty,” BFI Film Forever, 23 April 2014. [http://www.bfi.org.uk/news-opinion/news-bfi/announcements/uk-china-sign-film-co-production-treaty]. The treaty means enhanced access to market for filmmakers in the U.K. and China and that films that qualify under the treaty will be conferred with national status in both countries.


“Deal paves way for Pinewood Studios to launch in Wales,” GVA News, 26 February 2014. [http://www.gva.co.uk/news/DealpavesthewayforPinewoodStudiostolaunchinWales/]. Pinewood Studios is to open a new £90 million facility in Cardiff in a deal it struck with the Welsh government where Pinewood will advise it on the government’s new television and film funding initiative that has which advisory investment funds now total £55 million making them one of the largest investment portals for new British television and film content.

**Family Tree**

Pinewood Shepperton PLC (AIM:PWS)

- Hire Works Limited
- Pinewood Studio Berlin Film Services GMBH
- Pinewood Studios Limited
- Pinewood-Shepperton Studios Limited
  - Pinewood Dominican Republic Limited
  - Pinewood Germany Limited
  - Pinewood USA Inc
  - Shepperton Management Limited
  - Shepperton Studios Property Partnership
- Sauls Farm and Stables Limited
- Sauls Farm Limited
- Shepperton Studios (General Partner) Limited
- Shepperton Studios Limited
- Studiolink Ltd.
- Teddington Studios
  - The Studio Broadcasting Co., Ltd.

**Stock Performance**

Pinewood Shepperton plc

522.25 £ (0.00%)

**Key Financials**

Total Revenue (£m)

Net Income (£m)

Source: MarketLine; D&B report; Capital IQ; Bloomberg.com; Business Insights; Reuters; and Google Finance