

# Industry of Change



There have been rapid developments in the entertainment and media (E&M) sector over the past years. Economic crisis did not slow the „digital and mobile migration“, on the contrary, it has accelerated it, reinforcing new „digital behaviours“ among consumers, advertisers and other players in the industry.

Accelerated digitization coupled with growing divergence between the revenue performance of different segments and markets will create an E&M landscape characterised by a myriad of business models and a far more tailored approach. The current decline in revenues is not because of declining demand. In fact, worldwide spending in E&M is predicted to grow to USD 1.6 trillion in 2013. The challenge is to identify models that are able to withstand the downward pressure on advertisement rates in the digital environment and on subscription models that capture the consumers' preferences for premium content.

- When will convergent platforms overtake traditional distribution?
- What kind of content the consumers are ready to buy?
- How to bundle various services/products to offer unique, inovative customized products?

# PricewaterhouseCoopers in the Czech Republic

PricewaterhouseCoopers ([www.pwc.com](http://www.pwc.com)) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for our clients and their stakeholders. More than 163,000 people in 151 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

We opened our first office in the Czech Republic in 1990 and currently have over 700 employees in Prague, Brno and Ostrava.

For seven years in a row, PricewaterhouseCoopers has been the top auditor for the TOP 100 Czech non-financial companies. In 2007, PricewaterhouseCoopers audited the annual reports of 27 non-financial companies with aggregate sales topping almost CZK 866 billion (over 35% market share).

## Thought Leadership

### European Media Leaders Summit

In conjunction with publishers Informa Media, PricewaterhouseCoopers produces this strategic-level conference concentrating on European broadcasting and related industries. This two day annual event includes keynote speakers and panelist discussions on developments within the European broadcast and related sectors, strategies for growing value, convergence issues, regulatory legislation and emerging markets plus much more. See: [event.euromedialeaders.com](http://event.euromedialeaders.com).

### A brand new era: Managing in a downturn, positioning for an upturn in the media sector

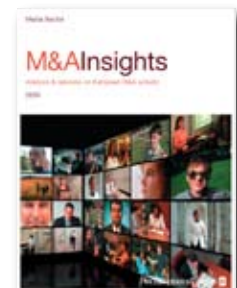
The media sector is facing the combined forces of a cyclical downturn and structural transition from off-line to online, analogue to digital. Media companies are responding to the downturn by driving through a series of cost-cutting measures. Many changes are long-overdue. Media executives face some tough decisions along the way. A brand new era cuts through the complexity and responds to the urgency by setting out a transformation agenda for media executives, helping them manage the downturn and position for an upturn.

### Global Entertainment and Media Outlook: 2009-2013

Created by experienced professionals from PwC's E&M Practice in conjunction with the economic forecasting firm Wilkofsky Gruen Associates, the tenth edition of the Outlook provides in-depth forecasts and analyses of the E&M market between now and 2013, and includes an overview of the global market as well as in-depth coverage of fifteen segments in the US, Western Europe, CEE, Africa, Middle East, Asia Pacific, Latin American and Canadian markets.

### Media M&A Insights 2009

This report provides an overview of M&A in the European media sector during 2008 with analysis and comment on the market's principal trends, driving forces and outlook for 2009. A Combination of the credit crunch and cyclical pressures brought the European media M&A market back down to earth from the record levels of activity we witnessed over the past couple of years.



## Commitment to the E&M Industry

PricewaterhouseCoopers also has the distinct honour of handling the balloting of the annual Oscars Awards of the Academy of Motion Picture Arts and Sciences, a privilege that reflects our long standing and deep relationship with Hollywood and the entertainment community. During the 75 years, the painstaking process has remained the same and there has never been a security breach.

"The Academy is proud to recognize that for the past 75 years, PricewaterhouseCoopers has upheld the trust, integrity and tradition required in handling the Oscar ballots," said Sid Ganis, Academy President. "We look forward to continuing this long-standing relationship for many years to come."



PricewaterhouseCoopers celebrates 75 years of safeguarding Hollywood's best kept secrets



# Our Team of E&M Professionals

We have our finger on the pulse of how the entertainment and media industry is developing, both globally and particularly in the Central & Eastern Europe and the Czech Republic. We will help you find innovative solutions to your issues and needs.

Our Czech practice has almost 20 years of experience on the Czech market and includes entertainment & media-dedicated audit, legal, advisory and tax advisers, who all have extensive knowledge of industry trends that enables them to offer solutions which meet the specific requirements of entertainment & media companies.

The Czech practice is integrated in PricewaterhouseCoopers' global practice through internal information resources designed to exchange intellectual capital as well as through trainings and regular meetings with industry players. In recent years, we have done pioneering work in areas such as developing strategies to leverage digital technology; marketplace positioning in industries characterised by consolidation and convergence; and identifying new sources of financing.

We offer you our experience and knowledge in a number of areas and sectors:

Areas	Sectors
<ul style="list-style-type: none"><li>• Audit &amp; Assurance</li><li>• Tax &amp; Customs Planning</li><li>• Legal Support</li><li>• Transactions</li><li>• Performance Improvement</li><li>• Forensic Services</li><li>• Human Resources</li><li>• Immigration Services</li><li>• Client Training</li></ul>	<ul style="list-style-type: none"><li>• Filmed entertainment</li><li>• Television and radio content - broadcast and cable networks</li><li>• Television and radio transmission</li><li>• Television, film and video distribution</li><li>• Recorded music</li><li>• Internet advertising and access spending</li><li>• Magazine, newspaper and book publishing</li></ul>
	<ul style="list-style-type: none"><li>• Radio and out-of-home advertising</li><li>• Event production</li><li>• Theme parks and amusement parks</li><li>• Sports</li><li>• Cinemas</li><li>• Gaming</li><li>• Hotels</li><li>• Travel agencies</li><li>• Events</li></ul>

## Your Challenges and How We Can Help

### Industry focused audits, reviews and non-audit services

Contact: **Petr Šobotník**, Partner, Assurance Services, petr.sobotnik@cz.pwc.com, +420 251 152 016

- Using a global methodology to ensure consistent quality, we provide industry-focused regulatory and statutory audits and reviews. We maintain close communication with you throughout the audit process, which includes examination of financial statements, group reporting packages, and internal controls.
- Practical solutions for the implementation of IFRS and work closely with your team to ensure that the transition progresses as smoothly and as cost-effectively as possible. We also help you to implement changes to existing standards as they arise.
- Other non audit services are tailored to your needs covering a specific financial data verification, controls set-up.

### Strategic advice and performance improvement of a company's core activity

Contact: **Jiří Moser**, Partner, Advisory Services, jiri.moser@cz.pwc.com, +420 251 152 048

- Developing a market entry strategy for new geographical areas and new service markets; an independent strategy review and commercial due diligence; development of strategic models to analyse business development scenarios.
- Building an effective holding structure; developing organisational recommendations as well as recommendations on the distribution of functions and powers across management levels.
- Improvement of key business processes in terms of time consumption and quality; description a company's business processes to facilitate better transparency, manageability and controllability of its business.
- Developing key performance indicators and a motivation system for business units, functions and management to facilitate the implementation of strategic initiatives and the introduction of organisational and process changes within the company.
- Implementation of cost and headcount optimisation programmes; perform benchmarking against other Czech media companies.

### Enhancement of financial function effectiveness

Contact: **Jiří Halouzka**, Partner, Advisory Services, jiri.halouzka@cz.pwc.com, +420 251 152 042

- Creation of a strategy for financial functions that will contribute to the reorganisation process and formulate a plan for its development.
- Design of business planning and management solutions.
- Transfer of auxiliary financial functions to shared service centres.
- Development of financial accounting and management reporting methodologies and their adaption for the implementation of ERP and BI solutions together with follow-up quality controls.
- Reduction of the amount of time needed for preparing financial statements and management accounts and improvement of their quality.

### Tax issues associated with structuring business operations to make them more effective

Contact: **Zuzana Vaněčková**, Partner, Tax and Legal Services, zuzana.vaneckova@cz.pwc.com, +420 251 152 800

- Support to companies in building transparent and tax efficient structures.
- Working solutions that take into account not only the tax environment, but also your business needs.

- Optimizing the value of intangible assets, such as patents, know-how, trademarks etc. including assessing the jurisdiction in which such assets are to be legally owned.
- Consideration of preferred structures from the perspective of VAT and other indirect taxes; obtaining VAT refunds from other tax jurisdictions.
- Assistance with preparation of internal tax related procedure manuals and defense files.
- Assessing the appropriate treatment of significant development costs for new and innovative solutions.

### Making the most of mergers and acquisitions

Contact: **Miroslav Bratrych**, Partner, Advisory Services, [miroslav.bratrych@cz.pwc.com](mailto:miroslav.bratrych@cz.pwc.com), +420 251 152 08

- Advise both corporate clients and private equity houses on valuation, deal structuring, implementation, and M&A integration.
- Provide creative solutions for disposals, fund raising, IPOs and private equity.
- Advise on all aspects of acquisitions, disposals, private equity transactions and finance raising.
- Assistance in acquisitions to ensure all tax and related commercial issues are adequately manage.

### Human Resources

Contact: **Petr Frisch**, Director, Tax and Legal Services, [petr.frisch@cz.pwc.com](mailto:petr.frisch@cz.pwc.com), +420 251 152 546

- Comprehensive employment and expatriate services, including personal tax advice, immigration services, workforce cost management, structuring and design of compensation schemes, and full assistance with employee share plans.
- We also offer a fully comprehensive payroll system that caters for all statutory payments, bank transfers, and annual income tax reconciliation for employees.
- Designing flexible working arrangements and retention strategies.
- Help with designing a compensation system with competitive benefits; incentive plan design and compensation benchmarking.

### Professional development

Contact: **Jonathan Appleton**, Senior Manager, PwC Business Academy, [jonathan.appleton@cz.pwc.com](mailto:jonathan.appleton@cz.pwc.com), +420 251 152 015

- Finance & Accounting: Open courses or comprehensive training tailored to the client's needs – from a seminar on the basics of IFRS/US GAAP theory to corporate training using company data.
- Financial & Business management: training on a variety of subjects offered in an open and corporate format to address client needs for the professional development of staff.
- Professional qualifications including ACCA, ACCA DiplFR and Internal Audit.

### Some of PricewaterhouseCoopers' clients:

Global clients		Czech clients
<ul style="list-style-type: none"> <li>• Alliance Atlantis</li> <li>• BBC</li> <li>• Bertelsmann</li> <li>• Bloomberg L.P.</li> <li>• Comcast Corporation</li> <li>• Discovery Communications, Inc.</li> <li>• ITV</li> <li>• Lagardere</li> </ul>	<ul style="list-style-type: none"> <li>• New York Yankees Partnership</li> <li>• Nintendo Co. Ltd</li> <li>• Sony</li> <li>• The New York Times</li> <li>• The Thomson Corporation</li> <li>• The Walt Disney Company</li> <li>• UEFA</li> <li>• Viacom Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• Filmová nadace RWE a Barrandov Studio</li> <li>• Palace Cinema</li> <li>• Český rozhlas</li> <li>• Quinn Hotels</li> <li>• Thomas Cook</li> </ul>

### Contacts in Czech Republic for the entertainment and media industry:



**Jiří Moser**  
Partner  
E & M Leader  
Advisory Services  
[jiri.moser@cz.pwc.com](mailto:jiri.moser@cz.pwc.com)  
+420 251 152 048



**Zdeňka Gořalíková**  
Senior Manager  
E & M Industry  
Assurance Services  
[zdenka.goralikova@cz.pwc.com](mailto:zdenka.goralikova@cz.pwc.com)  
+420 251 152 445



**Martin Papež**  
Senior Manager  
E&M Business Development  
Advisory Services  
[martin.papez@cz.pwc.com](mailto:martin.papez@cz.pwc.com)  
+420 251 152 432



**Petr Frisch**  
Director  
E&M Industry  
Tax and Legal Services  
[petr.frisch@cz.pwc.com](mailto:petr.frisch@cz.pwc.com)  
+420 251 152 546

[www.pwc.cz/media](http://www.pwc.cz/media)