

Valuation Framework for Intangible Assets in the Cinema Industry

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Abstract:

This study explores the valuation of intangible assets within the cinema industry, underscoring the importance of valuing intellectual property rights, brand value, human capital, franchises, and character portfolios. Utilizing academic research, real-case scenarios, and insights from industry experts, we propose an innovative valuation model tailored to the unique characteristics of audiovisual companies. The model we propose integrates traditional financial key performance indicators and cutting-edge methodologies influenced by digitalization and seamless AI integration. This proposal aims at enhancing audiovisual companies' equity analysis, investment strategies, and asset management practices.

Before delving into our proposed model, we intend to thoroughly explore existing academic models based on revenue, cost, and market approaches for valuing intangible assets. By carefully examining their strengths and weaknesses, we aim to leverage the best practices while addressing identified shortcomings. This critical analysis will serve as the foundation for developing a new valuation approach that integrates innovative elements and is tailored to the nuances of the audiovisual industry.

We have not only engaged closely with industry insiders from the cinema sector but also consulted finance experts well-versed in valuing such enterprises. Our journey has taken us through every facet of the value chain, from producers weighing the decision to invest in a film to in-depth discussions on M&A operations and investment strategies. Regardless of the level of analysis, the core idea remains constant: the valuation of intangible assets.

The significance of these assets is analyzed through various mergers and acquisitions, notably those involving major actors such as Disney, Pixar, Amazon, MGM, and Warner Brothers. Our findings illustrate the critical role intangible assets play in shaping strategic decisions and driving economic growth in the cinema sector.