Greater Montréal’s Booming VFX Industry
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Montréal’s VFX industry
Key facts

- **A leading edge ecosystem**
  - One of the largest hubs in the world with the highest industry concentration in Canada
  - Full-service industry made up of tool developers, animation, production and post-production studios, etc.
  - Global success of VFX made in Montréal: *Blade Runner 2049, 2018*, Oscar winner for best visual effects; *X-Men Apocalypse; Star Wars - The Force Awakens; Game of Thrones*

- **A very specialized workforce**
  - Close to 4,000 2D/3D animation and VFX specialists in the audiovisual sector
  - Labour pool expected to reach 5,000 experts by the end of 2020
  - More than 15,000 university students in IT related programs and close to 2,300 in arts and cinema
  - Close to 3,000 college students in arts and cinema related programs

- **Competitive costs & tailored made incentives**
  - 28% cost advantage compared to the average of the 20 largest metropolitan areas in Canada and the U.S. for ICT
  - Competitive employee salaries paired with an affordable cost of living
  - Up to 43% tax incentives for film production services
A Leading Edge Ecosystem
Montréal’s VFX industry
Key metrics

- Close to 4,000 2D/3D animation and VFX specialists
- Labour pool expected to reach 5,000 experts by the end of 2020
- A record year for the VFX in Québec: 500 M$ in contracts in VFX in 2018
- A growth of 88% since 2017
- Québec is now aiming for the world Top 3
- Global success of VFX made in Montréal:
  - Blade Runner 2049, 2018 Oscar winner for best visual effects
  - X-Men: Apocalypse
  - Star Wars - The Force Awakens
  - Game of Thrones

Source: Québec Film and Television Council, 2018.
One of the world’s most fertile environments for the VFX Industry

- A large and growing pool of creative and specialized talent
- The presence of many industry global leaders
- A collaborative VFX ecosystem: Québec Film and Television Council (QFTC), SODEC, VES Montreal and VFX Montreal
- Very competitive and targeted incentives, and overall low operating costs
- A great quality of life which contributes to attracting and retaining the best talent in the world

Greater Montréal’s VFX hub
Montréal’s ecosystem: some of the major players

Full-service industry made up of academia, tool developers, animation, sound, production and post-production studios, etc.

A collaborative VFX ecosystem

Organization contributing to the development of Quebec's competitiveness as a world-class film and television production centre.

Government agency promoting and supporting the development of cultural enterprises in Quebec and abroad.

Platform dedicated to promoting internationally Montreal and Quebec's visual-effects production centres and members of the Quebec Film and Television Council (QFTC).
Birth and growth of the VFX industry in Montréal

Over the past 25 years, Montréal has become Canada’s most important video game, VFX and 3D animation hub.

1990’s

Montréal’s local VFX scene developed around companies such as Softimage and Discreet Logic, specialized in software tools for an emergent industry. Ubisoft’s commitment to Montréal in 1997 triggered a rapid growth of the digital, creative industry.

2000

Rapid expansion of the video games production industry, through the opening of studios by Ubisoft, WB Games, Eidos, Square Enix, Funcom and THQ, unleashed the creative spirit that now characterizes Montréal’s VFX ecosystem.

2010

Many global VFX studios were attracted by Montréal’s rapidly growing talent pool and very generous fiscal incentives and opened major studios in the region.

Now

Montréal has recently emerged as a global AI and VR/AR hub with a strong influence on the VFX industry and allowing it to reinvent itself.

The Montréal region now represents half the country’s 3D animation, VFX and video game industry.
Spectacular growth in foreign investment into Montréal’s VFX and animation industries
Montréal provides more and more examples of companies active in industries such as Artificial Intelligence (AI), Virtual and Augmented Reality (VR/AR) and Entertainment.

**Sample of global leaders**

- **AI**: Unity 3D, Ubisoft, XR:MTL (Ubisoft and Concordia University)
- **VR/AR**: TORUK, Cirque du Soleil / Avatar, Framestore VR, Félix & Paul
- **Entertainment**: Moment Factory, Fifth Wall, Réalisations Montréal

Well positioned to become a global leader in new tools for VFX
Sample of VFX produced in Montréal
Sample of animation produced in Montréal

Greater Montréal also stands out with the production of animation productions

Animation Studio: Oasis Animation  
Year: 2018

Animation Studio: ON Animation Studios  
Year: 2015

Animation Studio: L'Atelier Animation  
Year: 2016

Animation Studio: Digital Dimension  
Year: 2018
### Sample of upcoming VFX related events in Montréal in 2019

<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2019</td>
<td>Prêt-à-Porter Montréal Digital Spring</td>
<td>Fantasia International Film Festival</td>
</tr>
<tr>
<td>June 2019</td>
<td>Effects Americas</td>
<td>Festival du Nouveau Cinéma</td>
</tr>
<tr>
<td>July 2019</td>
<td>Fantasia International Film Festival</td>
<td>Festival du Nouveau Cinéma</td>
</tr>
<tr>
<td>August 2019</td>
<td>Mutek</td>
<td>Festival du Nouveau Cinéma</td>
</tr>
<tr>
<td>October 2019</td>
<td>Festival du Nouveau Cinéma</td>
<td>Festival du Nouveau Cinéma</td>
</tr>
<tr>
<td>December 2019</td>
<td>Visual Effects Society Montreal (VES) Meetups</td>
<td>Festival du Nouveau Cinéma</td>
</tr>
</tbody>
</table>
02
A Very Creative Workforce
Montréal, where creativity and technical expertise meet

Greater Montréal counts 21,000 2D/3D experts:

- 4,000 + VFX and animation specialists
- 15,000 3D specialists active in video games
- 2,000 VR/AR experts, which represents half the Canadian total

These numbers are increasing fast, thanks to the large number of graduates the region’s colleges and universities provide every year combining expertise in the digital arts and tech.

Source: Québec Film and Television Council, 2019; LinkedIn, Talent Insights, March 13, 2019; Alliance numérique, 2018; Québec Film and Television Council, 2016.
State-of-the-art programs for VFX

Greater Montréal offers both technical and higher education degrees
A rich pool of technical college students with specific expertise in VFX

<table>
<thead>
<tr>
<th>Technical college programs related to animation and arts</th>
<th>Students enrolled in 2017-2018</th>
<th>Students graduates in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animation 2D/3D and Game Design</td>
<td>1,250</td>
<td>345</td>
</tr>
<tr>
<td>Visual Arts</td>
<td>1,193</td>
<td>278</td>
</tr>
<tr>
<td>Graphic Arts</td>
<td>241</td>
<td>1,199</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,684</strong></td>
<td><strong>1,822</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technical college programs related to film production</th>
<th>Students enrolled in 2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Film Production</td>
<td>28</td>
</tr>
<tr>
<td>Sound and Audio Studies</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
</tr>
</tbody>
</table>

Greater Montréal boasts close to 3,000 college students enrolled in technical programs related to visual effects, animation and film production.

The depth of Montréal’s talent pool has allowed the region to remain at the avant-garde in the VFX industry, including in new trends such as virtual and augmented reality.

Greater Montréal boasts close to 2,300 university students in arts and cinema related programs. As well as more than 15,000 university students enrolled in IT related programs. A large contingent of new university graduates in arts and IT joins this growing visual effects and animation workforce every year.

<table>
<thead>
<tr>
<th>University programs related to arts and cinema</th>
<th>Students enrolled in 2017-2018</th>
<th>University graduates in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cinema</td>
<td>1,325</td>
<td>286</td>
</tr>
<tr>
<td>Fine Arts</td>
<td>904</td>
<td>168</td>
</tr>
<tr>
<td>Plastic Arts</td>
<td>580</td>
<td>139</td>
</tr>
<tr>
<td>Graphic Arts</td>
<td>674</td>
<td>160</td>
</tr>
<tr>
<td>Arts (pluridisciplinary)</td>
<td>127</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,285</strong></td>
<td><strong>513</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>University programs related to IT</th>
<th>Students enrolled in 2017-2018</th>
<th>University graduates in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Sciences</td>
<td>8 104</td>
<td>1 558</td>
</tr>
<tr>
<td>Electric and Electronic Engineering</td>
<td>3 498</td>
<td>744</td>
</tr>
<tr>
<td>Computer Engineering and Computer Science</td>
<td>2 002</td>
<td>374</td>
</tr>
<tr>
<td>Mathematics</td>
<td>1 438</td>
<td>262</td>
</tr>
<tr>
<td>Applied Mathematics</td>
<td>130</td>
<td>27</td>
</tr>
<tr>
<td>Probabilities and Statistics</td>
<td>190</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15 362</strong></td>
<td><strong>3 000</strong></td>
</tr>
</tbody>
</table>

Simple and fast immigration procedures in Canada

Canada's immigration policies are straight-forward, predictable and rapid, making it easy to bring in the best talent from around the world: the number of work permits are not capped and subject to a lottery.

<table>
<thead>
<tr>
<th>Immigration program types</th>
<th>1 - Obtain a LMIA* and CAQ**</th>
<th>Processing time</th>
<th>2 – Submit work permit application</th>
<th>Processing time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intra-company transfer</td>
<td>N/A.</td>
<td>N/A.</td>
<td>Have worked at least one year for the company before the transfer, be an executive or have exclusive knowledge.</td>
<td>0 to 2 weeks</td>
</tr>
<tr>
<td>NAFTA</td>
<td>N/A.</td>
<td>N/A.</td>
<td>Belong to one of the 60 professions recognized under NAFTA</td>
<td>0 to 2 weeks</td>
</tr>
<tr>
<td>International Experience Canada</td>
<td>N/A.</td>
<td>N/A.</td>
<td>To be 18 to 35 years old (depending on country of citizenship) and coming from one of the 30 countries having an agreement with Canada. 3 types of permits according to country agreements: Working Holiday, Young Professional and International Co-op Internship</td>
<td>8 weeks</td>
</tr>
<tr>
<td>Global Talent Stream</td>
<td>Exemption from the requirement to demonstrate that efforts to hire locally were unsuccessful + belong to one of the 13 professions on the list</td>
<td>2 weeks</td>
<td>Same conditions as above</td>
<td>0 to 2 weeks</td>
</tr>
<tr>
<td>QC Simplified Process</td>
<td>Process offered exclusively to businesses in Quebec. Exemption from the requirement to demonstrate that efforts to hire locally were unsuccessful. About 60 professions on the facilitated process list</td>
<td>Approx. 15 weeks</td>
<td>Same conditions as above</td>
<td>0 to 10 weeks</td>
</tr>
<tr>
<td>Regular process</td>
<td>Demonstrate that reasonable efforts have been made to hire locally</td>
<td>Approx. 15 weeks</td>
<td>Must be done at the Canadian visa office outside Canada or at Canadian customs if the applicant is exempt from entry visa requirements</td>
<td>0 to 10 weeks</td>
</tr>
</tbody>
</table>

Notes:
*LMIA: Labour Market Impact Assessment.
** CAQ: Québec Acceptance Certificate; The deadlines for obtaining a work permit vary according to the country of nationality of the applicant.
“Cinesite Montréal’s success has exceeded all our expectations. And five years later, the things that make Montréal so great are still there. The city’s got talent, creative potential and a vibrant tech culture. Add to that business cost competitiveness and Montréal International’s constant support and you’ve got a perfect ecosystem for innovative businesses like ours.”

– François Sansregret, COO, Cinesite

“Montréal is fueled by creativity and innovation, and was an obvious choice for the next studio location for Digital Domain. Given the strong animation and visual effects talent pool in Montréal, we are stacking the deck to make this studio location an attractive offering to partners, molding the future of Digital Domain.”

– Daniel Seah, Executive Director and CEO, Digital Domain

“We’re very excited to be setting up our new studio in Montréal. There is an amazing creative and technical community in this city, and the quality of the work that is being created here is on a par with the work we are seeing coming out of London, Vancouver and LA. Our new Montréal studio will work closely with our other international locations on our biggest film projects, and will provide a cutting-edge working environment for our staff.”

– Ellen Walder, COO, Double Negative

“Having a studio in Greater Montréal means we can reach a larger market, especially movie production houses in North America, and grow our international customer base, which currently accounts for about 30% of our business.”

– Guillaume Marien, Founder and Executive Producer, Mathematic Studio

“Montréal has a lot of visual effects artists and technological architects with unprecedented talent.”

– Thilo Kuther, founder and CEO, Pixomodo

“We can only applaud the governments’ efforts and support to encourage foreign investors, while providing VFX film tax credits and incentives for companies like Pixomondo… The decision to enter the Montréal market was a no-brainer for us.”

– Sara Mustafa, COO, Pixomondo
03
Attractive Operating Costs and Incentives
## Competitive salaries

### Median annual salaries *(US$)* for 8 typical professions in VFX in 3 North American hubs

<table>
<thead>
<tr>
<th>Profession</th>
<th>Montréal**</th>
<th>Vancouver</th>
<th>Los Angeles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animator 3D</td>
<td>$55,234</td>
<td>$58,383</td>
<td>$88,488</td>
</tr>
<tr>
<td>Compositor</td>
<td>$31,318</td>
<td>$34,076</td>
<td>$41,351</td>
</tr>
<tr>
<td>VFX Producer***</td>
<td>$63,750</td>
<td>$112,500</td>
<td>$150,000</td>
</tr>
<tr>
<td>Illustrator</td>
<td>$43,416</td>
<td>$46,102</td>
<td>$66,006</td>
</tr>
<tr>
<td>Art Director</td>
<td>$67,744</td>
<td>$71,251</td>
<td>$119,343</td>
</tr>
<tr>
<td>3D Motion Designer</td>
<td>$53,694</td>
<td>$56,790</td>
<td>$81,146</td>
</tr>
<tr>
<td>Software Developer</td>
<td>$69,881</td>
<td>$73,468</td>
<td>$108,086</td>
</tr>
<tr>
<td>UX Designer</td>
<td>$56,199</td>
<td>$59,583</td>
<td>$82,477</td>
</tr>
</tbody>
</table>

*Base salaries based on 5 years of experience.

**Before tax credit.

Currency exchange based on the monthly average of January 2019: C$1.00 = US$0.75 - US$1.00 = €1.14 - US$1.00 = £0.77.

Computer systems design and related services (NAICS 541514)

Affordable office rent

Office spaces are available at highly competitive rates compared to almost all other large cities in North America and Western Europe.

<table>
<thead>
<tr>
<th>City</th>
<th>Average Asking Rent CBD (USD/sq.ft/yr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montréal</td>
<td>58.39</td>
</tr>
<tr>
<td>Vancouver</td>
<td>72.28</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>78.13</td>
</tr>
<tr>
<td>London</td>
<td>85.20</td>
</tr>
<tr>
<td>Paris</td>
<td>85.80</td>
</tr>
</tbody>
</table>

Average asking rent (all classes) in downtown Montréal is US$ 28.07 and US$ 33.27/sq.ft/yr for a Class-A office building.

Generous government support for film production services

Québec offers some of the most advantageous cash rebates available: up to 43%.

Companies are eligible to 2 tax credits for Film Production Services (at the provincial and federal levels). Please refer to the next page for a simulation.

1. Québec Level (provincial)
   - 20% All spend (total of the qualified labor cost and the cost of qualified properties);
   - 16% labor-based computer-aided special effects and animation & shooting of scenes in front of a chroma-key screen activities¹;
   - No minimum spend, no caps.

2. Canada Level (federal)
   - Additional 16% refundable tax credits for eligible labour costs from the government of Canada.²

Financial requirements:
While it is true that there is no cap, there is a minimum total worldwide budget amount:

- Québec: CA$250,000;
- Canada:
  - Film: CA$1,000,000;
  - Series: Over CA$100,000 per episode (less than 30 minutes);
  - Series: Over CA$200,000 per episode (exceeding 30 minutes).

Note:
1: For the purposes of calculating the combined rate of the credit, the tax credit from the government of Québec is applied against the federal tax credit.
2: Labor expenses must be paid to persons who were resident in Canada at the time the payments were made in order to be eligible for tax credit purposes.
Source: Raymond Chabot Grant Thornton, 2019.
Comparison Montréal, Toronto & Vancouver – tax credits

Live action production with bonification (VFX, Green screen or animation)

<table>
<thead>
<tr>
<th>Case 1</th>
<th>Production services tax credits analysis example</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Montréal</td>
</tr>
<tr>
<td>Cost of contract</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Labour included in the contract</td>
<td>$650,000</td>
</tr>
<tr>
<td>Labour related to VFX/Animation</td>
<td>$650,000</td>
</tr>
<tr>
<td>Provincial tax credit</td>
<td>($360,000)</td>
</tr>
<tr>
<td>Federal tax credit</td>
<td>($66,560)</td>
</tr>
<tr>
<td>Total tax credit</td>
<td>$426,560</td>
</tr>
<tr>
<td>Effective total tax credit rate</td>
<td>42.66%</td>
</tr>
</tbody>
</table>

Case 1 - Producer is incorporated in Québec and claims the tax credit:

Up to 43% tax credit

Source: Raymond Chabot Grant Thornton, 2019.
Comparison Montréal, Toronto & Vancouver – tax credits

Live action production with bonification (VFX, Green screen or animation)

Case 2  
Production services tax credits analysis example

<table>
<thead>
<tr>
<th></th>
<th>Montréal</th>
<th>Toronto</th>
<th>Vancouver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of contract</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
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<td>$650,000</td>
<td>$650,000</td>
</tr>
<tr>
<td>Labour related to VFX/Animation</td>
<td>$650,000</td>
<td>$650,000</td>
<td>$650,000</td>
</tr>
<tr>
<td>Provincial tax credit</td>
<td>($234,000)</td>
<td>($256,750)</td>
<td>($286,000)</td>
</tr>
<tr>
<td>Federal tax credit</td>
<td>($66,560)</td>
<td>($62,920)</td>
<td>($58,240)</td>
</tr>
<tr>
<td>Total tax credit</td>
<td>$300,560</td>
<td>$319,670</td>
<td>$344,240</td>
</tr>
<tr>
<td>Effective total tax credit rate</td>
<td>30.06%</td>
<td>31.97%</td>
<td>34.42%</td>
</tr>
</tbody>
</table>

Case 2 – Producer is not incorporated in Québec so the tax credit is claimed by the VFX/animation studio

Source: Raymond Chabot Grant Thornton, 2019.
An easy access to highly advantageous Incentives

Major projects and innovations
Grants and interest-free loans such as ESSOR and Canada Economic Development Programs

Labour development
Grants such as:
- 25% of costs to implement training programs
- 50% of costs to create a HR department

Sector tax credits
Such as:
- Up to 37.5% for multimedia production
- Up to 36% for film coproduction
- Up to 35% for dubbing

Many tax credits are refundable — a company could receive the value of its tax credit even if it has no tax payable

Research and development
- Up to 30% tax credit on R&D
04
Montréal International’s Personalized, Free and Confidential Services
Montréal international, a single point of access to a series of personalized, free and confidential services

Long-term strategic support
Economic data and communication services
Government relations facilitation
Incentive programs assistance
Foreign workers immigration assistance
International recruiting missions
Contact us

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