

23 November 2020

FEI PROFIT & LOSS STATEMENT

		2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 BUDGET
		<i>Audited</i>	<i>Audited</i>	<i>GA Approved</i>	<i>Revised</i>
ACC No	REVENUES				
60	COMMERCIAL REVENUE				
600 6000-19	SPONSORSHIP REVENUE	27'767'331	27'021'941	27'096'625	18'471'642
602 6020-30	BROADCAST REVENUE	3'544'658	3'014'406	3'135'745	1'146'476
604 6040-50	OTHER MARKETING REVENUE/LICENSEING/ONLINE SHOP	91'882	10'296	0	0
	TOTAL COMMERCIAL REVENUE	31'403'871	30'046'642	30'232'370	19'618'119
61	OPERATIONAL REVENUE				
610 6100-09	ANNUAL SUBSCR & GA, SF REGISTRATIONS	760'792	816'939	768'000	373'500
611 6110-20	CALENDAR FEES & ORGANISING DUES	7'073'232	7'274'910	6'880'000	1'111'290
613 6130-32	HOSTING FEES	4'173'670	1'198'500	766'000	436'500
614 6140-42	HORSE & RIDER REGISTRATIONS FEES	1'357'320	1'322'340	1'330'000	629'000
615 6150	PASSPORTS	4'478'199	4'573'281	4'300'000	1'274'725
616 6160-62	FINES & OTHER LEGAL CONTRIB.	292'752	388'098	200'000	233'500
617 6170	ANTI-DOPING & WELFARE	4'408'567	4'472'120	4'300'000	1'075'000
	TOTAL OPERATIONAL REVENUE	22'544'532	20'046'187	18'544'000	5'133'514
62	NON-OPERATIONAL REVENUE				
620 6200	IOC CONTRIBUTION	2'685'436	2'830'895	15'425'000	2'600'000
630 6300	OLYMPIC SOLIDARITY	70'000	70'000	70'000	70'000
640 6400	RENTAL REVENUES	626'864	628'712	608'000	608'000
660 6610-19	OTHER REVENUE	417'875	90'465	85'000	5'000
670 6700	CONTRIBUTION FROM FUNDS	606'359	532'927	2'461'957	553'962
6701	PROVISION RELEASE	4'228'000	202'641	995'000	388'000
	TOTAL NON-OPERATIONAL REVENUE	8'634'535	4'355'639	19'644'957	4'224'962
	TOTAL NET REVENUES	62'582'938	54'448'469	68'421'327	28'976'595
ACC No	EXPENSES				
50	COMMERCIAL EXPENSE				
500 5000-09	SPONSORSHIP EXPENSE	21'526'770	17'686'911	16'776'370	8'302'060
502 5020-49	BROADCAST EXPENSES	5'104'546	4'835'078	5'941'292	4'353'205
505 5050-60	OTHER MARKETING EXPENSE/LICENSEING/ONLINE SHOP	950'715	430'412	491'000	150'000
	TOTAL COMMERCIAL EXPENSE	27'582'031	22'952'401	23'208'662	12'805'265
51	OPERATIONAL EXPENSES				
510 5100-09	PROFESSIONAL FEE/CONSULTING	3'445'593	4'265'323	4'717'100	3'328'588
520 5200-02	EDUCATION	505'431	553'030	1'113'500	491'439
525 5251-59	PRINTING EXPENSES	126'489	93'813	145'000	100'840
530 5300	INTEGRITY UNIT	319'043	299'915	350'000	200'000
534 5357	VETERINARY RESEARCH	191'697	187'439	333'360	74'648
535 5351-56	ANTI-DOPING & WELFARE	3'368'002	3'633'504	4'244'800	1'210'000
536 5361-65	SOLIDARITY	894'551	1'009'144	1'737'245	690'988
	TOTAL OPERATIONAL EXPENSE	8'850'807	10'042'169	12'641'005	6'096'503
54	GENERAL & ADMINISTRATION EXPENSES				
540 5400-29	STAFF CHARGES	13'982'984	14'817'920	15'385'953	13'633'256
550	TRAVEL & EXPENSES				
5500	-FEI Staff	835'915	758'664	1'069'775	374'326
5501	-Others	1'385'886	1'309'558	1'440'090	462'002
560 5600-50	FACILITIES CHARGES	369'681	478'561	434'000	401'000
570 5700-02	GENERAL SERVICES	297'494	292'609	262'000	236'500
575 5750-52	TROPHIES & MEDALS	185'528	170'945	190'774	86'597
577 5770	INSURANCE	116'607	94'856	86'000	70'000
580 5800-05	DEPRECIATION	284'865	119'308	204'500	126'000
591 5910-11	TAX	55'891	55'895	70'000	0
595 5950	ALLOCATION TO FUNDS	1'483'656	2'930'188	13'045'000	220'000
597 5970-79	OTHER EXPENSES	141'868	659'155	13'000	6'438
597 5980	SPECIAL PROJECTS	3'276'385	638'780	233'500	188'216
	TOTAL GENERAL & ADMINISTRATION EXPENSE	22'416'762	22'326'438	32'434'591	15'804'336
	TOTAL EXPENSES	58'849'600	55'321'008	68'284'258	34'706'104
## 6500-35	FINANCIAL REVENUES NET	-3'009'190	3'070'358	150'000	-2'500'000
	NET RESULT	724'148	2'197'819	287'068	-8'229'510

Comments to 2020 FEI revised budget – Covid 19 situation

(all numbers in `000 CHF unless otherwise specified)

Dear President, Members of the Board, Secretary General,

Please find here below the explanations to the revised 2020 Budget, accounting to best of our knowledge at time of writing, for the situation with the Covid-19. Operational revenues have been conservatively estimated on ground of uncertainties as to when competitions will resume. Portfolio was valued as of 31 May 2020 and we don't know how the situation will evolve from here.

- **Total commercial revenues**

- Sponsorship revenues have been revised **downwards by 8'625** to 18'471. This number is affected by the reimbursements done to our sponsors for events that did/will not happen (i.e. WC final in Las Vegas, NC qualifiers)
- TV revenues were revised **downwards by 1'989** to 1'146 reflecting reduction of FEITV revenues due to the lack of live events and a scale down of single budgeted deals for major 2020 events.

- **Total operational revenues**

These were revised **downwards by 13'233** to 5'133. All this is due to the difficulties with Covid-13:

- Annual subscriptions: 50% of original amount as support to NF's
- Calendar fees & Organizing dues are budgeted **downwards by 5'769** at 1'111 which is the amount cashed until 15 March. This number will evolve positively if competitions pick-up. However the cash generating competitions for the FEI are the 3,4 and 5* events and these, even though some are still in the calendar are difficult assess as whether they will take place or not.
- Hosting Fees are revised **downwards by 330** at 436 reflecting what was cashed until now and what events are left in the calendar.
- Horse & Rider registration fees have been revised **downwards by 700** to 629 on account of potential reimbursement of sponsored team registrations (GCL for 176) and an estimation based on the amount booked until now (370).
- Passports were revised **downwards by 3'026** at 1275 which is the amount invoiced so far.
- Anti-doping & Welfare revenues were revised **downwards by 3'225** at 1'075 reflecting the reduction in testing consequent to events cancellations.

- **Total non-operational revenues**

- This section will be affected by the postponement of the Olympic Games to 2021, which means we will not cash the IOC contribution this year. We therefore reduced the income in that section to the amount that is normally released in a non-Olympic year. This amount will come from the unused balance of the Olympic contribution we received after the 2016 games in Rio. This section is mainly affected in 2020 by the expected contribution we will receive from the IOC in relation with the Games in Tokyo.
- Contribution from funds were revised downwards by 1'906 reflecting the reduced fund related spending due to deferring Solidarity projects and cancellation of non-essential projects.

Therefore, not counting the IOC contribution, **2020 revenues from the FEI will suffer a reduction of 26'620.**

- **Total commercial expenses**
 - Sponsorship expenses were revised **downwards by 8'474** to 8'302 accounting for the cancellation of contribution to OC's for cancelled events. Should more events be cancelled through the end of the year, there will be more reduction in this section.
 - TV expenses were revised **downwards by 1'588** to 4'353 to reflect the reduction in costs for FEITV following the agreement with ClipMyHorse and the reduction in costs for pre- and postproduction due to the cancellation of FEI events. Part of the expenses for live events that were cancelled, were shifted to produce replacement content for FEITV and the FEI Media Rights Licensees. The production contract with IMG formally ends by the end of June 2020 but has been extended until September 2020 to ensure adequate production of content. The current budget is based on live events commencing again in September 2020 and a similar cost structure for production as in the current IMG agreement.

- **Total operational expenses**
 - Professional fee/consulting were revised **downwards by 1'389** to 3'328. Savings were done in all sections of these expenses, cancelling or deferring all deemed non-essential projects. Main savings consists of:
 - a) IT consulting (463)
 - b) Communications, photo, journalistic support (255)
 - c) FEI Awards (215)
 - d) Various consulting projects (456)
 - Education expenses were revised **downwards by 622** to 491 by deferring non-urgent projects and bringing in-house some work usually attributed to outside consultants.
 - Some Vet research projects were deferred generating **savings of 258**.
 - Anti-doping and Welfare expenses in both human and equine anti-doping were revised **downwards by 3'034** to 1'210 accounting for the events cancellations for the remainder of 2020.
 - Solidarity expenses are revised **downwards by 1'047** to 690. This is mainly a consequence of deferring approved projects to 2021 on account that they cannot be implemented in 2020 due to the pandemic situation. Please note that these expenses are paid via the Solidarity fund. Savings are neutral for the p&l but have a cash effect.

- **Total General & Administrative expenses**
 - Staff charges are revised **downwards by 1'752** to 13'633. The FEI has introduced partial unemployment measures as of 15 April 2020, affecting about 60% of our employees for about a total savings of 27% of hours. This measure, sponsored by the Swiss government allows us to recover 80% of the unemployed hours. At current rate, we expect savings to amount to 1'500. This number will evolve depending on whether activity resumes during the second part of 2020. Should it not be the case, we are looking at deepening the partial unemployment measures and slowing down further the activity of the FEI. We have cancelled also all staff training, team building projects and social activities at the FEI such as the summer barbecue.

- Travel & Expenses have been revised **downwards by 1'673** to 836 for obvious reasons. The amount left corresponds to the travel needed for the events remaining in the calendar. It will only be spent if events are not cancelled further.
- Allocation to funds consisted mainly of the IOC contribution for the 2020 Games. It was cancelled as we will not cash this amount this year.

Therefore, not counting the IOC contribution allocation to fund, **2020 expenses at the FEI are planned to be reduced by 20'753.**

Taking into account the negative portfolio performance as of 31 May 2020 (-2'500), we are projecting a **loss of 8'229** for 2020. While this loss is an important number. It does not threaten the short/medium term existence of the FEI. It would bring our reserve situation back to the levels we had in 2014.

There a lot of uncertainties for the medium/long term development of sports in general coming out of this pandemic situation, i.e.:

- Will the activity pick up again in 2021?
- What will the economics of the activity be?
- Economic sustainability of the current competition model?
- Sponsors' attitude for the future?
- Potential new revenues stream with digital?

Claude Praz / CFO – 12.06.2020