

FEI PROFIT & LOSS STATEMENT (Confidential)

		2015 ACTUAL	2016 ACTUAL	2017 BUDGET	2017 BUDGET	2018 BUDGET
		Audited	Audited	GA Approved	Revised	
ACC No	REVENUES					
60	COMMERCIAL REVENUE					
600 6000-19	SPONSORSHIP REVENUE	21'473'496	24'082'581	16'059'532	16'114'532	24'739'151
602 6020-30	TV REVENUE	3'646'696	3'384'776	2'574'735	3'235'683	3'274'400
604 6040	OTHER MARKETING REVENUE/LICENSING/ONLINE SHOP	94'267	20'640	51'000	51'000	75'000
	TOTAL COMMERCIAL REVENUE	25'214'459	27'487'997	18'685'267	19'401'215	28'088'551
61	OPERATIONAL REVENUE					
610 6100-09	ANNUAL SUBSCR & GA, SF REGISTRATIONS	686'658	779'885	767'500	767'500	778'500
611 6110-20	CALENDAR FEES & ORGANISING DUES	5'822'798	6'216'558	5'200'000	5'700'000	5'900'000
613 6130-32	HOSTING FEES	1'498'710	764'000	1'304'500	1'324'500	2'754'500
614 6140-41	HORSE & RIDER REGISTRATIONS FEES	1'051'870	1'170'320	1'005'000	1'253'000	1'253'000
615 6150	PASSPORTS	4'134'830	4'418'117	3'950'000	4'100'000	4'100'000
616 6160-62	FINES & OTHER LEGAL CONTRIB.	157'332	240'673	140'000	140'000	180'000
617 6170	ANTI-DOPING & WELFARE	2'175'432	4'257'631	3'000'000	3'900'000	4'000'000
	TOTAL OPERATIONAL REVENUE	15'527'630	17'847'183	15'367'000	17'185'000	18'966'000
620 6200	IOC CONTRIBUTION	2'600'000	16'200'330	2'800'000	2'600'000	2'600'000
630 6300	OLYMPIC SOLIDARITY	66'990	67'200	70'000	70'000	70'000
640 6400	RENTAL REVENUES	621'300	604'142	608'000	608'000	608'000
660 6610-19	OTHER REVENUE	132'026	697'770	53'000	2'053'000	370'000
670 6700	CONTRIBUTION FROM FUNDS	1'926'627	4'630'811	1'446'500	1'681'500	1'967'720
	TOTAL NON-OPERATIONAL REVENUE	5'346'943	22'200'253	4'977'500	7'012'500	5'615'720
	TOTAL NET REVENUES	46'089'033	67'535'434	39'029'767	43'598'715	52'670'271
ACC No	EXPENSES					
50	COMMERCIAL EXPENSE					
500 5000-09	SPONSORSHIP EXPENSE	14'768'476	17'581'123	8'202'400	10'572'400	17'904'300
502 5020-49	TV EXPENSE	4'712'921	3'894'290	4'206'468	4'902'620	4'466'927
505 5050-60	OTHER MARKETING EXPENSE/LICENSING/ONLINE SHOP	326'340	443'728	815'112	1'045'112	816'700
	TOTAL COMMERCIAL EXPENSE	19'807'737	21'919'141	13'223'979	16'520'132	23'187'927
51	OPERATIONAL EXPENSES					
510 5100-09	PROFESSIONAL FEE/CONSULTING	3'279'375	3'602'272	3'382'500	3'645'000	3'627'000
520 5200-02	EDUCATION	522'756	660'600	726'425	1'001'425	1'120'000
525 5251-59	PRINTING EXPENSES	171'625	222'917	209'000	136'500	106'500
530 5300	INTEGRITY UNIT	424'599	358'258	380'000	380'000	380'000
535 5351-57	ANTI-DOPING & WELFARE	1'657'609	4'009'801	2'890'000	3'035'000	4'040'720
536 5361-63	SOLIDARITY	1'132'390	1'045'201	1'209'500	1'209'500	1'530'000
	TOTAL OPERATIONAL EXPENSE	7'188'354	9'899'048	8'797'425	9'407'425	10'804'220
54	GENERAL & ADMINISTRATION EXPENSES					
540 5400-29	STAFF CHARGES	12'070'749	12'820'619	13'176'983	13'388'718	14'200'430
550	TRAVEL & EXPENSES					
5500	-FEI Staff	769'387	869'256	689'706	664'706	882'840
5501	-Others	943'422	1'323'369	1'143'800	1'180'800	1'172'050
560 5600-50	FACILITIES CHARGES	374'042	329'159	366'500	374'500	396'600
570 5700-02	GENERAL SERVICES	326'693	317'409	308'588	308'588	298'000
575 5750-52	TROPHIES & MEDALS/CORPORATE GIFTS & CLOTHING	160'227	229'215	219'529	232'529	157'000
577 5770	INSURANCE	109'838	116'495	128'000	128'000	121'000
580 5800-05	DEPRECIATION	375'219	340'333	433'300	433'300	328'000
591 5910-11	TAX	65'951	70'035	67'000	67'000	70'000
595 5950	ALLOCATION TO FUNDS	294'451	14'780'564	90'000	115'000	193'000
597 5970-80	OTHER EXPENSES	1'194'094	3'411'631	195'000	200'000	144'000
	TOTAL GENERAL & ADMINISTRATION EXPENSE	16'684'073	34'608'085	16'818'406	17'093'142	17'962'920
	TOTAL EXPENSES	43'680'164	66'426'273	38'839'810	43'020'698	51'955'067
650 6500-35	FINANCIAL REVENUES NET	-1'199'218	159'944	-50'000	-50'000	100'000
	NET RESULT	1'209'650	1'269'105	139'957	528'017	815'205

Comments to FEI budget 2018

(All numbers in '000 CHF unless specified - Confidential)

Mr. President,
Members of the Bureau,

In preparing the 2018 budget there are a several events/decisions that are influencing the numbers:

- The new partnership with Longines for the Nations' Cup.
- The increased budgets for Officials education consequent to the Bureau decision during the in person Spring meeting.
- The final roll-out of the marketing and communication strategy decided in early 2017.

Taking into account these elements, the budget has been prepared on the same principles as previous years, i.e. conservative approach on both revenues and expenses. The following comments can be done:

1. Commercial revenues

Sponsorship revenues are increasing massively (+8'625 compared to the revised budget 2017), reflecting the new deals signed with Longines, Boehringer and SAP.

TV revenues are stable in relation to 2017. We are hopeful that the numbers could turn out higher on FEI TV as 2018 is a WEG year, but at this stage we decided on a prudent approach and kept the revenues for FEI TV stable.

2. Operational revenues

Operational revenues are increasing by 1'781.

Calendar fees & Organising dues have been increased by 200 to reflect the increase in historical values. Hosting fees increase by 1'430. This net figure is due to the WEG2018 (+2'010) and to the absence of other championships (-580) such as the European championships. Horse & Rider registrations and passport revenues are unchanged compared to 2017. As usual, the Hosting Fees are cashed in several instalments from the signature of the contract with the event organiser and released to the profit and loss on the year of the event.

The Medical Control Program has been renamed to ANTI-DOPING & WELFARE. This position is unchanged compared to 2017.

3. Non-operational revenues

2 items require some explanation in this section. The other revenues consist of a partial release of the Anti-doping & Welfare provision built in 2016 for 1'400 for an amount of 312 that will be used in various projects approved by the management for the usage of that provision (i.e. Substances elimination studies, lab approval and maintenance process, increased limb sensitivity testing).

The other item is the CONTRIBUTION FROM FUNDS. In 2018, we plan to bring 1'967 from various funds in the balance sheet to the profit&loss statement to pay for the following activities and projects in 2018:

- 1'095 from the Solidarity Fund to pay for Solidarity projects in 2018 that have been approved in 2017 and in the previous years, and for which the money was specifically set aside.

- 495 from the Campus fund to pay for improvements of the FEI Campus platform (220) and (275) to pay for the second instalment of the content provided by the University of Zurich (E-Hoof).
- 105 from Veterinary research fund to pay for the research project from Glasgow University. The initial project comes to an end in October 2017 and has been extended until October 2019.
- 272 from the IT fund for further development of the fan website.

4. Commercial expenses

As a consequence from the increase in sponsorship revenues, sponsorship expenses are higher (7'332) reflecting the prize money for the Nations Cup, the various sponsorship contributions to the Organisers of the series and additional activation expenses.

TV expenses have been reduced by 436 spread out in different sections.

Marketing expenses are stable compared to 2017.

5. Operational expenses

Professional Fee/Consulting are stable compared to 2017. The main items included in professional fee/consulting are:

- 1'546 - Agency expenses
 - o 1'132 - IT consulting for:
 - Project developments on the existing platform (185) such as online forms, Dressage freestyle creator improvements, Core application improvements.
 - Continuation of 2017 projects (330) such as Invitation system or Online Draft schedules.
 - New projects (345) to start in 2018 such as Online reports for officials – Groom management – Vet app for vaccination management – Live results display.
 - Fan website development (272) paid by the IT fund.
 - o 65 - Audit/tax/Accounting software maintenance.
 - o 30 - Trademark registration
 - o 40 - Veterinarian consulting (pony measuring)
 - o 96 - GA, and Sports Forum agency services
 - o 65 – Biographies
 - o 118 – “Equiratings” project in Eventing
- 552 - IT/Hardware maintenance.
- 120 - Journalistic support
- 151 - Corporate Communications
- 238 - Photography
- 200 – FEI Awards
- 250 - Legal Fees
- 560 – Other consulting consisting of the contribution to the GA organiser (200), Education (220 – for Online Campus paid by funds), Legal clerk Tribunal (140)

Education expenses are increasing. The increase is more important than what the numbers show as new expenses are replacing some expenses that were allocated to the Campus in 2017 which were paid by funds. The real increase amounts to about 437. It reflects the preliminary recommendations of the Officials working group but the actual spending will only be decided once the final conclusions of the working group are available.

Anti-doping & Welfare expenses include the spending (312) that will be paid by the release of the provision mentioned in Other revenues and the project of Glasgow University (105) mentioned in Contribution from funds.

6. General & Administration expenses

Staff charges are increasing. There are new hires in the budget, namely in Jumping (1 position), Education (1 position) and Legal (1/2 position) departments. There are 3 additional positions in Dressage Commercial and IT departments. These 3 positions are still being assessed by the concerned directors (job descriptions are pending) and have not been approved yet by the management. We included them in the budget on the principle of a prudent approach on spending. As there is no inflation again in 2017 in Switzerland, there will be no general compensation adjustment. There is 200 (higher than 2017 as 2018 is a WEG year) that is reserved for individual raises and promotions. These need to be discussed and approved by the management.

Travel and expenses have been budgeted higher for 2018 due to the WEG.

The account Allocation to funds consists of the IOC contribution to IF's (70), the IPC contribution (23) and the allocation to the Solidarity Campus fund of the profit made on the Boehringer sponsorship contract (100).

Other expenses:

This section is reduced by 51 and includes in the Special Project account 110 for Dressage and Para Equestrian Dressage project for Judges Dashboard, Freestyle Degree of Difficulty System and a Classification Research Project.

The rest of the amount (34) consist of contingency for miscellaneous expenses.

This budget has been conservatively prepared and results in a profit of 815 for 2018.

Thanks & best regards
Claude Praz
CFO
September 28, 2017.