

20 November 2018, Manama (BRN)

FEI PROFIT & LOSS STATEMENT

		2016 ACTUAL Audited	2017 ACTUAL Audited	2018 BUDGET GA Approved	2018 BUDGET Revised	2019 BUDGET
ACC No						
REVENUES						
COMMERCIAL REVENUE						
60	SPONSORSHIP REVENUE	24'082'581	19'318'291	24'739'151	24'739'151	25'778'768
600 6000-19	BROADCAST REVENUE	3'384'776	3'434'954	3'274'400	3'367'400	2'998'000
602 6020-30	OTHER MARKETING REVENUE/LICENSING/ONLINE SHOP	20'640	20'234	75'000	75'000	0
604 6040-50						
TOTAL COMMERCIAL REVENUE		27'487'997	22'773'478	28'088'551	28'181'551	28'776'768
OPERATIONAL REVENUE						
61	ANNUAL SUBSCR & GA, SF REGISTRATIONS	779'885	768'705	778'500	778'500	780'000
610 6100-09	CALENDAR FEES & ORGANISING DUES	6'216'558	6'712'131	5'900'000	5'900'000	6'230'000
611 6110-20	HOSTING FEES	764'000	1'186'700	2'754'500	2'754'500	1'310'500
613 6130-32	HORSE & RIDER REGISTRATIONS FEES	1'170'320	1'195'873	1'253'000	1'253'000	1'225'000
614 6140-42	PASSPORTS	4'418'117	4'411'608	4'100'000	4'100'000	4'250'000
615 6150	FINES & OTHER LEGAL CONTRIB.	240'673	349'599	180'000	180'000	200'000
616 6160-62	ANTI-DOPING & WELFARE	4'257'631	4'418'794	4'000'000	4'000'000	4'250'000
617 6170						
TOTAL OPERATIONAL REVENUE		17'847'183	19'043'409	18'966'000	18'966'000	18'245'500
NON-OPERATIONAL REVENUE						
62	IOC CONTRIBUTION	16'200'330	2'600'000	2'600'000	2'683'743	2'600'000
620 6200	OLYMPIC SOLIDARITY	67'200	70'000	70'000	70'000	70'000
630 6300	RENTAL REVENUES	604'142	617'752	608'000	608'000	608'000
640 6400	OTHER REVENUE	697'770	1'888'631	370'000	843'000	370'000
660 6610-19	CONTRIBUTION FROM FUNDS	4'630'811	1'015'601	1'967'720	1'967'720	2'056'220
670 6700						
TOTAL NON-OPERATIONAL REVENUE		22'200'253	6'191'984	5'615'720	6'172'463	5'704'220
TOTAL NET REVENUES		67'535'434	48'008'871	52'670'271	53'320'014	52'726'488
ACC No						
EXPENSES						
COMMERCIAL EXPENSE						
50	SPONSORSHIP EXPENSE	17'581'123	14'880'347	17'904'300	17'769'300	17'631'050
500 5000-09	BROADCAST EXPENSES	3'894'290	4'539'719	4'466'927	5'196'927	4'899'841
502 5020-49	OTHER MARKETING EXPENSE/LICENSING/ONLINE SHOP	443'728	734'782	816'700	1'063'417	656'000
505 5050-60						
TOTAL COMMERCIAL EXPENSE		21'919'141	20'154'848	23'187'927	24'029'644	23'186'891
OPERATIONAL EXPENSES						
51	PROFESSIONAL FEE/CONSULTING	3'602'272	2'701'612	3'627'000	3'662'000	3'945'400
510 5100-09	EDUCATION	660'600	806'804	1'120'000	1'120'000	1'002'420
520 5200-02	PRINTING EXPENSES	222'917	45'694	106'500	106'500	106'500
525 5251-59	INTEGRITY UNIT	358'258	318'974	380'000	380'000	400'000
530 5300	VETERINARY RESEARCH	61'424	60'028	440'720	455'220	405'720
534 5357	ANTI-DOPING & WELFARE	3'948'377	3'616'100	3'600'000	3'600'000	3'600'000
535 5351-56	SOLIDARITY	1'045'201	1'061'184	1'530'000	1'530'000	1'487'000
536 5361-65						
TOTAL OPERATIONAL EXPENSE		9'899'048	8'610'396	10'804'220	10'853'720	10'947'040
GENERAL & ADMINISTRATION EXPENSES						
54	STAFF CHARGES	12'820'619	13'182'702	14'200'430	14'124'041	14'953'607
540 5400-29	TRAVEL & EXPENSES					
550	-FEI Staff	869'256	713'359	882'840	897'840	669'775
5501	-Others	1'323'369	1'083'002	1'172'050	1'297'546	1'156'915
560 5600-50	FACILITIES CHARGES	329'159	364'716	396'600	396'600	452'000
570 5700-02	GENERAL SERVICES	317'409	289'991	298'000	298'000	263'000
575 5750-52	TROPHIES & MEDALS	229'215	148'053	157'000	163'000	172'200
577 5770	INSURANCE	116'495	119'652	121'000	121'000	121'000
580 5800-05	DEPRECIATION	340'333	320'168	328'000	328'000	300'000
591 5910-11	TAX	70'035	55'890	70'000	70'000	70'000
595 5950	ALLOCATION TO FUNDS	14'780'564	1'371'848	193'000	193'000	170'000
597 5970-79	OTHER EXPENSES	31'533	473'227	19'000	19'000	20'400
597 5980	SPECIAL PROJECTS	3'380'098	169'815	125'000	125'000	160'000
TOTAL GENERAL & ADMINISTRATION EXPENSE		34'608'085	18'292'422	17'962'920	18'033'027	18'508'897
TOTAL EXPENSES		66'426'273	47'057'666	51'955'067	52'916'391	52'642'828
650 6500-35 FINANCIAL REVENUES NET		159'944	1'500'285	100'000	100'000	150'000
NET RESULT		1'269'105	2'451'490	815'205	503'623	233'660

20 November 2018, Manama (BRN)

Comments to FEI budget 2019

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

Mr. President,
Members of the Bureau,

Please find here after the comments to the 2019 budget showing a balanced budget with a small profit of 233.

1. Commercial revenues

Sponsorship revenues are increasing 1'039 compared to the revised budget 2018 due to foreign exchange for 552 and additional sponsorship deals signed in 2018 for a total of 487 (CNSI – Otto Sports – ATPi).

Broadcast revenues are 369 lower compared to 2018 due to the FEI taking over the entire broadcast production for NAL (280) and slightly lower FEI_TV revenues (138) as 2019 is not a WEG year.

2. Operational revenues

Operational revenues are decreasing by 798.

Calendar fees & Organising dues have been increased by 330 to reflect the increase in historical values. Hosting fees decrease by 1'440 as 2019 is not a WEG year. Horse & Rider registrations and passport revenues have been slightly adjusted to historical values.

The ANTI-DOPING & WELFARE have been increased by 250 to reflect the historical increase.

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 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 2019, we plan to bring 2'056 from various funds in the balance sheet to the profit&loss statement to pay for the following activities and projects in 2019:

- 1'017 from the Solidarity Fund to pay for Solidarity projects in 2019 that have been approved in 2018 and in the previous years, and for which the money was specifically set aside.
- 494 from the Campus fund to pay for the production of online FEI Campus courses (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 came to an end in October 2017 and has been extended until October 2019.
- 369 from the IT fund for the completion of 3 ongoing projects (Entry system, Invitation system and Online draft schedules).

4. Commercial expenses

Commercial expenses are 843 lower than the 2018 revised budget. Sponsorship expenses are slightly lower (138).

Broadcast expenses are 297 lower, reflecting the lower income.

Marketing expenses have been reduced by 407 as the marketing spending done for WEG in 2018 will not be there anymore.

5. Operational expenses

Professional Fee/Consulting are increasing by 283 compared to 2018. The main items included in professional fee/consulting are:

- 1'768 - Agency expenses
 - o 1'250 - IT consulting for:
 - Project developments such as digital and website enhancements (350), e-dressage project (40), online reports (50), groom management (44), live results display (29) and other core application improvements.
 - Continuation of 2017-8 projects (369) such as Invitation system, Entry system and Online Draft schedules. These items will be paid by the IT-Fund.
 - The balance (368) represents maintenance and support for projects that are in place, such as Rules_2019, core application maintenance, online forms improvements, SportApp maintenance, global FEI portals.
 - o 45 - Audit/tax/Accounting software maintenance.
 - o 80 - Trademark registration
 - o 40 - Veterinarian consulting (pony measuring)
 - o 95 - GA, and Sports Forum agency services
 - o 120 - Communications (PR agency support, biographies, Getty images)
 - o 138 - "Equiratings" project in Eventing
- 635 - IT/Hardware maintenance.
- 120 - Journalistic support
- 100 - Corporate Communications (reduced by 50)
- 200 - Photography (reduced by 38)
- 215 - FEI Awards
- 250 - Legal Fees
- 615 - Other consulting consisting of the contribution to the GA organiser (200), Education (275 - for Online Campus paid by funds), Legal clerk Tribunal (140)

Education expenses are increasing slightly in 2019 when taking into account the various expenses paid by the Campus fund and that are allocated to the development of the Online Campus, reflecting the recommendations of the Officials working group.

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.

You will notice that the revenues for that section amount to 4'250 and the expenses amount to 3'600. Please don't forget that there are expenses related to this programs in other sections of the P&L such as Legal expenses, 50% of Integrity

Unit and staff charges to administer the program, representing about 800. Therefore, the program is in a nutshell self-sufficient.

6. General & Administration expenses

Staff charges are increasing. There are new hires in the budget (296), namely in Eventing (1 position), Education (Head of Officials still pending), IT (1/2 position), Finance (1/2 position) and Events (1/2 position) departments. Some of these 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. There will be 1% inflation in Switzerland in 2018 and that has been factored into the budget. Raises and bonuses will be assessed by the management during the first quarter of 2019. There is 330 (higher than 2017 as 2018 is a WEG year) that is reserved for individual raises and promotions (including inflation). The rest of the variation (203) is the full year effect of people hired during 2018.

Travel and expenses have been budgeted back to lower level in the absence of WEG.

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

This budget has been conservatively prepared and results in a profit of 233 for 2019.

Thanks & best regards
Claude Praz
CFO
October 5th, 2018.