

BUDGET 2020-2021



REAL MADRID CLUB DE FÚTBOL

2020-2021 BUDGET



THOUSAND €	2019/2020	BUDGET 2020/2021
Membership fees, ticket sales and other stadium revenue	127,491	9,519
Revenue from international and friendly matches	105,574	92,520
Broadcasting revenue	148,570	212,833
Marketing revenue	333,260	301,932
Total operating income (before disposal of non-current assets)	714,895	616,803
Supplies	(21,543)	(10,639)
Sports and non-sports personnel expenses	(411,043)	(448,402)
Operating expenses	(215,471)	(188,688)
Provision for uncollectible receivables, and for liabilities and charges	(16,729)	11,041
Total operating expenses before depreciation and amortization	(664,786)	(636,688)
Operating profit/(loss) before depreciation and amortization, and disposal of non-current assets	50,109	(19,885)
Gains/(losses) on disposals of non-current assets	101,223	88,387
Impairment/derecognition of non-current assets	25,569	16,476
Gains/(losses) on disposals of non-current assets	126,792	104,863
Profit/(loss) from operating activities before amortization and depreciation (EBITDA)	176,901	84,978
Depreciation and amortization	(176,503)	(173,131)
Operating profit/(loss)	398	(88,153)
Finance income	4,072	1,390
Finance expenses arising on implied cost of deferred payment on player acquisitions	(1,148)	(521)
Finance expenses arising on interest on loans, guarantee expenses and other financial expenses	(1,471)	(3,859)
Net finance income/(expense)	1,453	(2,990)
Ordinary profit/(loss)	1,851	(91,143)
Taxes	(1,538)	21,468
PROFIT/(LOSS) BEFORE TAX	313	(69,675)

Budgeted revenue totals 616.8 million for 2020/21, down 14% from 2019/20, in which fourth quarter revenue was already impacted by the pandemic, and down 25% when compared to the 2019/20 budget prior to the pandemic, that amounted to 822.1 million euros.

Revenue decrease as a consequence of Covid-19 during 2020/21 affects all revenue streams, mainly from stadium sales, where revenue from attending matches has not been budgeted, and in commercial activities, where revenue from the tour and stores has dwindled to a bare minimum. However, it is uncertain to what extent revenue will be definitively affected, since this will depend on the development of the pandemic. If there had been no pandemic and revenue growth had followed the trends of previous years, the budget for the 2020/21 season would have been close to 900 million euros, a difference of nearly 300 million euros with respect to the current budget resulting from the pandemic.

Personnel expenses evolve according to contracts and the composition of the teams. There are no new players on the first football team. Three players were transferred and 6 were loaned out. The Club plans to reduce salaries to help mitigate the impact of the loss of revenue. However, this measure is not reflected in the budget, since the plan has not been formally approved. All things considered, personal expenses increase by 37.4 million euros with respect to last fiscal year.

Expenditure for supplies, provisions, and operating expenses decrease by 65.5 million euros, following implementation of the savings plan and lower expenses linked to revenue.

After taking into account profits from the transfer of players totaling 88.4 million euros (2019: 101.2 million euros) and the effect of provisions amounting to 16.5 million euros (2019: 25.6 million), budgeted EBITDA is 85.0 million euros (2019: 176.9 million euros).

Budgeted amortization expense is 3.4 million euros less than last fiscal year due to the evolution in sports personnel.

REAL MADRID CLUB DE FÚTBOL BUDGET BY SPORT SEGMENTS FOR THE 2020-2021 SEASON

The Club expects a 1.8 million-euro increase in finance costs since it drew more on credit facilities to offset the loss in revenue over these two fiscal years. Revenues likewise decrease by 2.7 million euros, due primarily to the fact that in the last fiscal year, the Club recorded accrued interest owed by City Hall since 2016 relating to the 20 million-euro refund for the Las Tablas proceedings, which were annulled by the General Court of the European Union. Overall, the Club records 4.4 million euros less in finance income with respect to last fiscal year.

As in 2019/20, finance expense arising from financing the stadium in 2020/21 is capitalized as an increase in the cost of the investment, since it pertains to interest incurred to finance a project that is still underway.

Loss before taxes totals 91.1 million euros. Income tax expense is obtained by applying the nominal 25% tax rate to accounting profit adjusted for non-deductible expenses in accordance with tax legislation, less the amount of applicable tax credits. As a result, since the accounting result is negative, the Club records income tax revenue which will be offset against future profits (there is no time limit for offsetting negative tax bases).

After considering income tax expense, the Club expects a loss of 69.7 million euros with respect to previous fiscal year. This is explained by the fact that the even greater loss in revenue expected by the Club due to Covid-19 in 2020/21, it will not be offset by the reduction in expenses foreseen in the budget.

Based on the principle of prudence, the Club's budget includes coverage of the main economic risks that affect the financial year, whereas it has not taken into account the effects of certain savings measures and other opportunities for improvement that the Club will try to bring about in an effort to balance results as it did last year.

THOUSAND €	FOOTBALL	BASKETBALL	TOTAL
Membership fees, ticket sales and other stadium revenue	9,519	0	9,519
Revenue from international and friendly matches	91,695	825	92,520
Broadcasting revenue	209,344	3,489	212,833
Marketing revenue	294,352	7,579	301,932
Total operating income (before disposal of non-current assets)	604,910	11,893	616,803
Supplies	(10,082)	(557)	(10,639)
Sports and non-sports personnel expenses	(414,003)	(34,399)	(448,402)
Operating expenses	(182,123)	(6,566)	(188,688)
Provision for uncollectible receivables, and for liabilities and charges	11,041	0	11,041
Total operating expenses before depreciation and amortization	(595,167)	(41,522)	(636,688)
Operating profit/(loss) before depreciation and amortization, and disposal of non-current assets	9,744	(29,629)	(19,885)
Gains/(losses) on disposals of non-current assets	88,387	0	88,387
Impairment/derecognition of non-current assets	16,476	0	16,476
Gains/(losses) on disposals of non-current assets	104,863	0	104,863
Profit/(loss) from operating activities before amortization and depreciation (EBITDA)	114,606	(29,629)	84,978
Depreciation and amortization	(172,335)	(796)	(173,131)
Operating profit/(loss)	(57,729)	(30,424)	(88,153)
Finance income			1,390
Finance expenses arising on implied cost of deferred payment on player acquisitions			(521)
Finance expenses arising on interest on loans, guarantee expenses and other financial expenses			(3,859)
Net finance income/(expense)			(2,990)
Ordinary profit/(loss)			(91,143)
Taxes			21,468
PROFIT/(LOSS) BEFORE TAX			(69,675)