

2019 FINANCIAL REPORT ON PROFESSIONAL FOOTBALL

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Explanatory note

Throughout this Report, as in previous documents, reference is made to the five classifications (i.e. financial groupings) with which the aim is to describe, as transparently and precisely as possible, the performance of Spanish professional football at the end of the 2018-19 season:

1. *LaLiga Santander*: corresponding to the First Division of Spanish professional football (20 clubs)

2. *LaLiga SmartBank*: corresponding to the Second Division of Spanish professional football (22 clubs)

3. *LaLiga*: the sum of LaLiga Santander and LaLiga SmartBank, i.e. all Spanish professional football (42 clubs)

4. *Netted LaLiga Santander*: LaLiga Santander excluding the two largest clubs in terms of income level and balance sheet size (18 clubs)

5. *Netted LaLiga*: LaLiga excluding the two largest clubs in terms of income level and balance sheet size (40 clubs)

In the Report, all values are expressed in millions of euros (\in m), unless expressly stated otherwise.

LaLiga has updated and improved certain calculations relating to figures, ratios and indices this year. Consequently, there could be slight differences with respect to the information appearing in previous editions. Likewise, some individual sports clubs have introduced slight technical restatements in 2018-19 with respect to previous seasons in their audited annual accounts. These modifications, which are of limited impact in both cases and do not substantially alter the conclusions of the analysis carried out this season or in previous years, have been considered in the Report. Additionally, should they produce a significant material change, a detailed explanation is provided to that effect.

At the end of this document, a glossary has been included with the essential terms and definitions that have been used.

In this Report, the term **"Association"**, or **"LaLiga"** (without italics), is used to refer to the Spanish National Professional Football League, as opposed to the term **"LaLiga"** (in italics), to refer to the sporting competition that encompasses the two divisions and a total of 42 professional teams. 2019 FINANCIAL REPORT ON PROFESSIONAL FOOTBALL



1,134 €M EBITDA

+19.5% ANNUAL EBITDA GROWTH 12.2% RETURN ON INVESTED CAPITAL (ROIC)

+9.9% ANNUAL GROWTH IN TOTAL INCOME 31.5% gross operating margin (ebitda)

> 225 €M NET RESULT

1,564 €м

GROSS INVESTMENT IN PLAYERS AND INFRASTRUCTURE (CAPEX)

TURKISH AIRLINE

Fundamental aggregate figures for Spanish professional football for the 18-19 season



1,728 €M EQUITY

(SHAREHOLDERS FUNDS)

184 €м

ECONOMIC VALUE ADDED GENERATED IN THE LAST SEASON (EVA)

2,663 €M

GLOBAL TV AUDIENCES

A HARD AND A

1.29x NET FINANCIAL DEBT/ EBITDA RATIO

- Millin

LaLiga

a and the second

693 €M

CUMULATIVE ECONOMIC VALUE ADDED IN THE LAST 6 YEARS (EVA)

2.0%

NET TURNOVER INVESTED IN PROJECTS CARRIED OUT FOR SOCIETY (CSR)

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Letter from the Chairman / Introduction

As every year, I have the pleasure of presenting the Financial Report on Spanish professional football. This time, the document focuses on the analysis of what happened during the last season (2018-19), but also includes detailed information from the 2013-14 season onwards, to afford a better appreciation of *LaLiga's* evolution.

The last year was unique due to the intersection of several elements.

First, the 2018-19 season was the last of the first three-year cycle of audiovisual rights in the national market since the joint operations and centralised selling of broadcasting rights was established, with the implementation of the RDL 5/2015 legal framework, which decisively contributed to promoting the transformation of this industry at all levels. A second cycle began from the 2019-20 season in progress, which has already resulted in agreements that entail an aggregate increase of more than 23% of the gross broadcast rights income generated in the national market. Although, if the impact of new sales and/or the strengthening of *LaLiga's* existing sales in international markets is added, the resulting global increase between cycles will just exceed 21%. This is significant growth, which will have a decisive positive impact on the economic-financial aspect of Spanish clubs in future years, but which is yet to materialise in the analysis and conclusions of the Report.

Likewise, this season was the first, since 2012-13, in which Spanish teams did not win any international competitions (UEFA and FIFA). This is unusual because the dominance of LaLiga's teams on the international scene in the last 5 or 10 seasons (including 2018-19) has been overwhelming, achieving 75% (15 titles) and 65% (26 titles), respectively, of the trophies available. Logically, it would be normal to conclude that this would have caused a specific decrease in the aggregate turnover of the Spanish game, especially during this year, in which a new distribution system was implemented by UEFA, which entails a significant increase in the income allocated by this institution – although, at the same time, it raises doubts with regard to the fairness of the system, as it contributes to widening the differences between clubs, and this effect is unfortunately contrary to the strategy of our Association. However, this situation does not seem to have had an appreciable impact on the revenues generated by *LaLiga*, which, as we will note below, has continued to grow at a good rate.



Likewise, the 2018-19 financial year was characterised by the Association achieving various strategic milestones, which have laid the foundations for the potential of our activity in the future. The initiatives undertaken and the achievements are diverse. However, a couple of them that are very significant would be the launch of LaLiga's OTT business (LaLigaSportsTV), a project in which we are pioneers among associations in our environment, with a fully differentiated strategy, as well as recognition by prestigious firms specialising in the visibility and acclaim of the competition, which has established itself as one of the 5-10 most relevant corporate brands in Spain, according to the rankings prepared by various major international agencies in the field. In this context, LaLiga was appointed by Their Majesties The King and Queen of Spain as an Honorary Ambassador of "Brand Spain" in the International Relations category. All these elements provide privileged market positioning that is critical for our business's value chain, and ultimately so that it is positively perceived by both Spanish and foreign sponsors, advertisers and providers of audiovisual content, as well as for the followers and fans of this sport.

Naturally, in parallel with these activities, the Association has also continued to step up its intention to improve its visibility and scale up the value of *LaLiga* in international markets, intensifying the exploration of new sources of income, aspects of core importance when considering medium and long-term growth. During the last year, major strategic agreements have been concluded in significant markets such as the US or China.

We have continued to invest and lay the foundations to increase our knowledge and the use of technologies that will feature much of the activity in the not too distant future, such as artificial intelligence tools, the collection and processing of information to actively manage data in different dimensions, machine-learning applications, which will allow us to maximise data-driven marketing options and automating the customisation of the commercial offering to our fans and the users of our platforms. In these disruptive areas we can ensure, without the risk of exaggeration, that the Spanish competition is at the forefront of global competitions, not only in professional football, but also in sport in general.

Finally, during the past season, one of the most significant strategic projects, not only for professional football but for the sports industry in general was launched: LaLiga Business School. Our effort to increase the potential of one of our greatest assets, human capital, together with the clear scarcity, in the educational market, of a quality academic offering in specialised professional training, prompted us to launch the initiative, in collaboration with benchmark institutions. LaLiga Business School has been very well received; at the moment, the first three master's programmes and three specialised courses are being developed, which will make it possible to combine a passion for sport with a professional career, training future professionals in various areas of sports management.



Moving on to highlight the main achievements at a financial level, given that this is the purpose of this Report, I must begin by highlighting that the total income generated by Spanish professional football in the 2018-19 season was €4,871m, representing growth of around 10% compared to the previous season. This is a very significant amount and puts us on course to exceed €5,000m for the first time in our history. Furthermore, this figure places us second in the world of professional football competitions in terms of revenues generated, behind that of England, but ahead of other benchmark competitions such as those in Germany, Italy or France. And this should also be put into perspective, given that those countries have markets with much larger populations (Spain has a population on average 30% smaller according to Eurostat data) and with a substantially larger general price level (in Spain, it is 15% lower than the average of these nations according to information extracted from the same Eurostat source). Therefore, in relative terms, considering both variables and looking in comparable terms (i.e. per capita turnover at an equivalent price level), LaLiga and the English competition would essentially be equal in terms of income level and significantly higher than the other markets.

Other than this issue, which is merely symbolic, what is truly relevant about *LaLiga's* financial situation in the 2018-19 season is that it has been formidable from the standpoint of the improvement witnessed by the activity's operational efficiency and profitability.

All key results measurements (EBITDA, EBIT, net result) have grown substantially above the recorded turnover, helping to expand the organic margins of the business and achieve historic profits across the board. This has largely been due to containing operating expenses, which have continued to increase, albeit sustainably. Likewise, the results from transfers of players have been exceptional again this year and only slightly below those from the previous season. This trend shows Spanish professional football's marked capacity to rotate and monetise the sporting talent created.

Something that cannot be directly observed in the aggregate profit and loss account of the Spanish competition, such as the evolution of investment intensity (both in players and in infrastructure) is equally remarkable and is one of the critical elements that ensures the business's long-term sporting competitiveness and attraction. In the year just ended, the gross operating investment made by *LaLiga* amounted to \leq 1,564m, the highest amount ever achieved in a single year. As divestments were carried out at the same time (especially in players, an asset that constantly rotates in our activity), net operating investment was only \leq 537m. This is, however, a considerable figure and the second largest in the series analysed, having accumulated a net operating investment of close to \leq 2,500m in recent years.

The fact that *LaLiga* is systematically making such significant investments can be seen as both the cause and the consequence of its proven ability to expand its

income and results. In other words, these investments could not be carried out – and neither could the salary bill gradually increase, as has been happening– were it not for the sustained increase in turnover and the control of expenses by the clubs. An absence of significant investment would reduce its competitiveness at all levels and, therefore, its business potential, especially in terms of growth and profitability. In short, the Spanish competition maintains a positive association of "feedback" between the different elements that have characterised its financial dimension for several seasons.

In recent years, this high rate of investment has been partly self-financed by the performance of the business itself, and partly through debt, which is nonetheless under control. Years back, in a very different context, it also had recourse to share capital increases. At the end of the 2018-19 season, *LaLiga* had a net debt level of 1.29x EBITDA. On the other hand, its capitalisation is more than sufficient, supposing aggregate net equity of 1.2x the outstanding net debt. Therefore, the growth in business volume and the greater visibility of the results are the elements that allow the Spanish competition to accommodate its level of indebtedness in a balanced manner, without implying a reduction in stability or creditworthiness, which continues to improve year on year.

It is important to highlight this situation of strength and financial affluence, especially in light of the upcoming scenario whereby the biggest *LaLiga* clubs plan to completely remodel their stadiums, for a planned total amount of more than €1,500m that will be carried out over the next 3-4 years. When these extraordinary investments are complete, the Spanish competition will have some of the largest, most modern and functional facilities in the world (it should be remembered that some of the infrastructure inaugurated in recent years has already established itself as a global benchmark). This will also lead to a rebound in the competition's consolidated debt levels, which we expect will be quickly absorbed by the incremental financial performance produced by assets that have been specially designed to promote the generation of new revenue streams.

All of this has meant the achievement of very notable business profitability indices and that **LaLiga** has maximised its capacity to create economic value in the last year, which stands at an annual net surplus of close to \leq 200m, the largest amount ever recorded in a single financial year.

But, more importantly, if possible, is that this marked growth in consolidated terms and the significant generation of economic value added is taking place in a manner that is increasingly balanced and cohesive. In line with the strategy outlined by the Association, the business is increasingly well distributed in financial terms. Thus, the Second Division of Spanish professional football, *LaLiga SmartBank*, not only contributes more and more to the income of *LaLiga*, as a whole, but also to the



earnings (most indicators are already positive and display an upward trend). Similarly, the two special groups that we handle internally in the Association, *Netted LaLiga* and *Netted LaLiga Santander*, which exclude the two largest and most financially significant clubs, continue to converge in an accelerated manner towards the *LaLiga* and *LaLiga Santander*, respectively. In relative terms, some indices or ratios are even better in these adjusted rankings. This is indicative of an increasingly solid and better distributed business.

Last but not least, *LaLiga* has allocated 2.0% of its net turnover to corporate social responsibility (CSR) projects. Significantly more than most other comparable companies and industries. This allows us to develop pioneering initiatives, as mentioned in the Report, that are an incentive for all professionals in this industry, that guide our corporate development and that constitute the best example of our deep commitment to society.

I trust that the contents this Report will be satisfactory to you and allow you to confirm the excellent economic *momentum* position in which Spanish professional football finds itself, just when during the last season, LaLiga celebrated a major anniversary. Our challenge, and our commitment, is to continue growing and being that great factory of dreams and passions that began operating 90 years ago.

With best wishes,

Javier Tebas Medrano Chairman of LaLiga March 2020

2019 FINANCIAL REPORT ON PROFESSIONAL FOOTBALL



LaLiga: Summary of the 2018-19 season in figures

LaLiga. Summary of the 2018-19 season in figures

- TOTAL INCOME of €4,871m (+9.9%), close to exceeding €5,000m for the first time, in a season that represents the last year of the first three-year cycle of the centralised selling of broadcasting rights for the Spansish professional football (therefore, without significant increases in the broadcast revenue base, as will occur in the 19-20 season with the start of the new cycle)
- EBITDA b/T (gross operating result before the players' trading) of €401m (+82.1%), almost double that of the season before
- EBITDA a/T (gross operating result after the players' trading) of €1,134m (+19.5%), above €1,000m for the first time
- EBIT (operating result) of €378m (+16.4%), at all-time annual highs
- NET RESULT of €225m (+19.5%), the highest ever profits for the competition in a single season
- OPERATING MARGINS (EBITDA and EBIT) on turnover POSITIVE and HIGH with a marked increasing trend
- ANNUAL GROWTH RATES of business volume and results of TWO DIGITS, both in the last year and sustained in the long term $(CAGR_{5v})$





- GROSS CAPEX (gross operating investments during the year) of €1,564m (+23.4%), the highest annual amount ever recorded
- NET CAPEX (net operating investments during the year) of €537m (+70.6%), the second largest annual calculation seen to date
- ROIC (return on invested capital) of 12.2%, consolidating very high levels that show considerable stability over the years
- CAPITALISATION LEVEL OF 1.2x (times the equity on net debt), and EQUITY RATIO (Net Equity / total Balance Sheet) of 25.3%
- NFD (net financial debt) at sustainable levels, with a NFD/EBITDA ratio of 1.29x, even below the maximum efficient potential, that implies a comfortable margin for additional consolidated investments
- EVA (economic value added) generated in the season of €184m (+26.5%), the highest net surplus in a single year
- Consolidated surpluses of immediate liquidity / CASH balance of €897m, 17.5% higher than that available at the end of the season before



2018-19 (18-19 season) has been another great season for Spanish professional football from a financial point of view, a year that is the final period of the first complete cycle of the centralised operation and selling of broadcasting rights in *LaLiga*.

"Total Income continues to grow at a high rate, around double digits"

The **Total Income** ("**TI**")¹ recorded by all clubs that compete in **LaLiga** (First Division –**LaLiga Santander**– and Second Division –**LaLiga SmartBank**–) reached €4,871.4m, an increase of +9.9% over the previous year (17-18 Season). Looking at the longer term, in all the last six completed financial years – the time series analysed in this Report –², the compound annual growth rate ("**CAGR**_{5y}")³ was +12.6%. This has allowed the *Total Income* obtained for the competition to almost double in this period. This sustainable expansion is approximately four times greater than Spanish GDP growth at market levels (GDP_{pm})⁴ in the same period, from which it can be concluded that the contribution of Spanish professional football to the economy as a whole continues to enlarge.

AVERAGE ANNUAL GROWTH (CAGR) OF LALIGA DURING THE PERIOD 2013-14 TO 2018-19





LaLiga
+81.2%
GDP

+20.6%

CUMULATIVE TOTAL GROWTH FOR

THE PERIOD 2013-14 TO 2018-19



It is also very significant that the participation of the second tier of LaLiga as a whole is increasing, reaching 9.1% in the 18-19 season, a contribution never previously achieved by LaLiga SmartBank. This is characteristic of a competition that is increasingly more balanced and with better distributed financial results, in line with the strategy outlined by LaLiga.

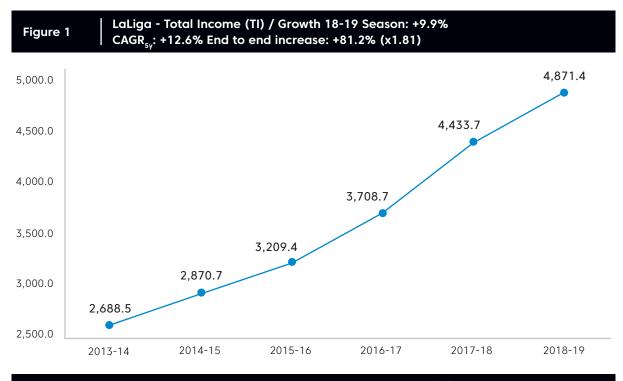
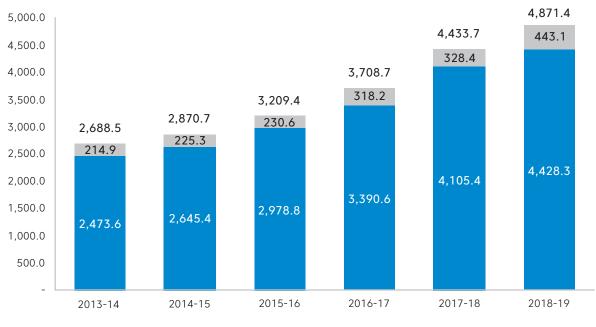


Figure 2

LaLiga - Contribution of the Divisions to Total Income (TI): 90.9% LaLiga Santander and 9.1% LaLiga SmartBank (greatest weight in the series)



TI - Liga Santander II - Liga SmartBank

⁶⁶ Total Income gets close to €5,000m





This positive evolution allows the projection that, in the current 2019-20 season, the *Total Income* from *LaLiga* will surpass, for the first time and by a wide margin, the $€5,000m^{1*}$ barrier. Even more so considering the start of the second broadcasting rights cycle, which has resulted in an aggregate increase – including international market rights – of around 21.3% compared to the three-year period just ended.

The contribution of **Net Turnover ("NT")** to the Total Income of **LaLiga** has again shown a solid performance in 2018-19, increasing to $\leq 3,597.5m$ (+10.2%). In the last six years, starting from the 2013-14 season, the average annual growth (CAGR_{5y}) of the competition is +13.1%. The Net Turnover is made up of income items from the ordinary billings of the clubs – those that are more stable, recurring and predictable – specifically:

- Broadcasting (including the audiovisual rights of national and international markets distributed by LaLiga, as well as market pool income distributed by UEFA): €1,665.1m (+6.2% / CAGR_{5y} +13.6%), is the result of the final year of the centralised broadcasting rights three-year cycle in the national market since approval of the RDL 5/2015 legal framework,
- Commercial (including sponsorship, advertising and merchandising): €983.8m (+5.5% / CAGR_{5v} +16.7%), and
- Matchday (including competitions, fans / ticketing and other income distributed by UEFA for various market pool items): €948.6m (+24.4% / CAGR_{5y} +9.3%), billings that were strongly driven by UEFA's new income distribution system that began in the previous season.

"Matchday replaces Marketing as the driver of Net Turnover growth in the season"

It is important to note that *LaLiga's* drivers of growth show that they alternate efficiently over the long term. Three seasons ago (16-17 season), it was *Broadcasting* that most drove growth of *NT*, with the start of the first three-year centralised

A situation that would occur in the absence of the potential effects that the COVID-19 downturn may cause, which arose while this Report was being finalised and whose financial effects are currently unpredictable.

broadcasting rights cycle, whereas, in the 17-18 season, it changed to *Commercial* and, in the 18-19 season, *Matchday* took over. It is expected that in the new season (the 19-20 season, currently under way), it will again be *Broadcasting* standing above the rest, as a result of the second audiovisual rights cycle beginning.

As well as the growth in *NT*, the *Total Income* has been favourably impacted by the generation of other revenue streams that are traditionally very significant in the Spanish competition:

- Transfers of Players⁵ (i.e. sale price of federative rights / registrations): €1,006.2m (+7.2% / CAGR_{5y} +18.1%), with the income from monetising sports talent having broken through the €1,000m barrier for the first time, and
- Other Income⁶ (rest of payments of an operational and financial nature): €267.7m (+15.7% / CAGR_{5y} -2.8%), an item that, despite seeing a slight rebound in the last year, contributes less and less to the *Total Income* of *LaLiga*, as it is income of a more erratic or volatile nature, or sometimes mere accounting conventions.

"Income from Transfers of Players remains at outstanding levels"

Broadcasting continues to be the item that contributes most to the *Total Income* of *LaLiga* (just over 1/3 of the total), while the other significant items (*Commercial, Matchday* and *Transfer of Players*) contribute around 20% each. It is a highly diversified income mix, which indicates an outstanding degree of financial resilience of Spanish professional football. Not only this but, as mentioned above, in each of the last three completed seasons, the driver of revenue growth in the competition has been a different item: *Broadcasting* in the 16-17 season (first year of the three-year cycle of centralised audiovisual rights), *Commercial and Transfers* in the 17-18 season, and *Matchday* in the 18-19 season. This feature is a qualitative factor of particular significance to *LaLiga*, which has various "growth engines" available, which seem to alternate in a regular pattern. As already mentioned, this current year, the 19-20 season, expects to see the return of *Broadcasting* as the main driver, due to the second three-year cycle of broadcasting rights beginning.



Figure 3 LaLiga – Contribution to Total Income (€m)

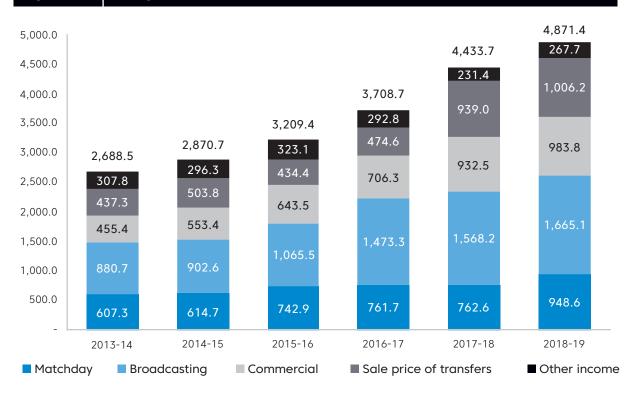
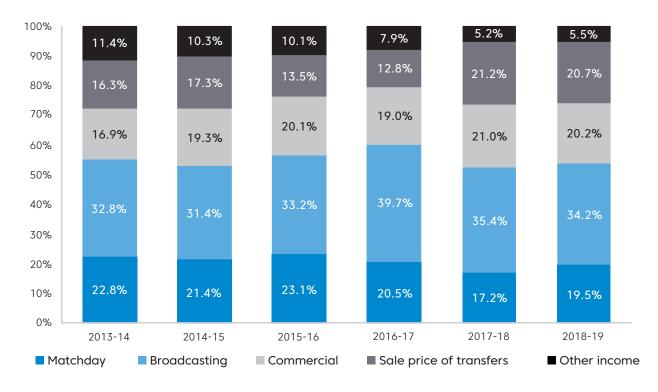


Figure 4

LaLiga - Contribution to Total Income (%)



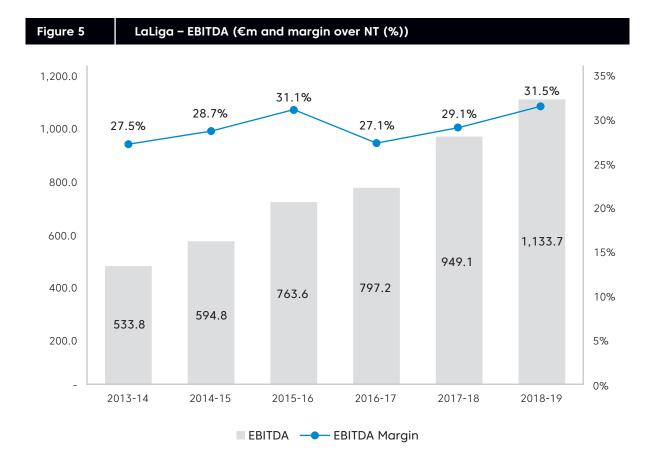
LaLiga	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR %	Abs.
Matchday	607.3	614.7	742.9	761.7	762.6	948.6	9.3%	1.6x
∆%	-	1.2%	20.9%	2.5%	0.1%	24.4%	-	-
Broadcasting	880.7	902.6	1,065.5	1,473.3	1,568.2	1,665.1	13.6%	1.9x
∆%	-	2.5%	18.0%	38.3%	6.4%	6.2%	-	-
Commercial	455.4	553.4	643.5	706.3	932.5	983.8	16.7%	2.2x
∆%	-	21.5%	16.3%	9.8%	32.0%	5.5%	-	-
Net Turnover	1,943.4	2,070.7	2,452.0	2,941.4	3,263.3	3,597.5	13.1%	1.9x
∆%		6.6%	18.4%	20.0%	10.9%	10.2%	-	-
Transfers (sale price) Δ %	437.3	503.8	434.4	474.6	939.0	1,006.2	18.1%	2.3x
	-	15.2%	-13.8%	9.3%	97.9%	7.2%	-	-
Other Income	307.8	296.3	323.1	292.8	231.4	267.7	-2.8%	0.9x
∆%	-	-3.8%	9.1%	-9.4%	-21.0%	15.7%	-	-
Total Income (TI) Annual % change	2,688.5 -	2,870.7 6.8%	3,209.4 11.8%	3,708.7 15.6%	4,433.7 19.5%	4,871.4 9.9%	12.6%	1.8x

Ible 1 LaLiga – Evolution of Total Income

The increase in *LaLiga's* business volume has also shown a marked profitable growth. The *gross operating result before transfers ("EBITDA b/T")*⁷ in the 18-19 season rose to $\leq 400.8 \text{m} (+82.1\% / CAGR_{5y} +7.9\%)$, which almost doubles that of the season before. This is a considerable increase, which allows the competition's organic operating margins to improve substantially. If we also add the *Results from Transfers* (i.e. sale price - cost of sale of players'federative rights / registrations) that in the last year reached $\leq 732.9 \text{m} (+0.5\% / CAGR_{5y} +23.1\%)$ to this figure, the *total gross operating result ("EBITDA a/T")*⁸ of the competition rises to $\leq 1,133.7 \text{m} (+19.5\% / CAGR_{5y} +16.3\%)$. This is the first time that *LaLiga* exceeded – doing so quite comfortably – $\leq 1,000 \text{m}$, and giving a margin over *NT* of 31.5\%, which is substantially above that of other benchmark competitions internationally and the highest recorded by the Spanish competition in the series.

"EBITDA before transfers almost doubles the level of the previous season, and EBITDA after transfers exceeds the €1,000m barrier for the first time"

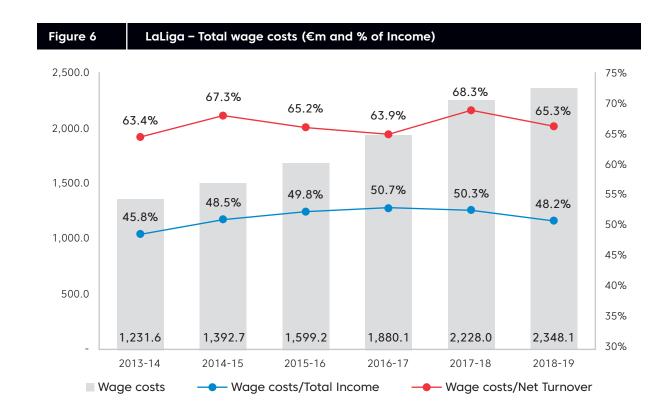




"The matching of wage expenses explains a good part of the organic improvement in operating margins"

The reason for this increase in *LaLiga's* operating efficiency stems, in addition to the excellent performance of *Results from Transfers* – which has occurred in the last two seasons – from growth in the main operating expenses (*"OPEX"*, or the sum of the wage costs – sporting and non-sporting –, supplies and other operating expenses outside accounting conventions), which has remained at a good rate (+6.4% / *CAGR*_{5y} +13.5%), was lower in the last season than the increase recorded from the aggregate billings of Spanish professional football, as previously described. In absolute terms, *OPEX* stands at €3,370.3m.

A good part of this improvement is due to the evolution of wage costs (sporting and non-sporting) at clubs, which makes up 69.7% of the *OPEX* and 50.5% of the **Total Expenses** ("**TE**")¹⁰ of the competition and which, in the 18-19 season, underwent a balanced matching process, increasing in absolute terms, but decreasing in relative terms, which reinforeces its sustainability. *Total Expenses* for the year reached \in 4,645.5m (+9.4% / *CAGR*_{5y} +13.1%), which is equivalent to 65.3% of *NT* and 48.2% of *Total Income*.

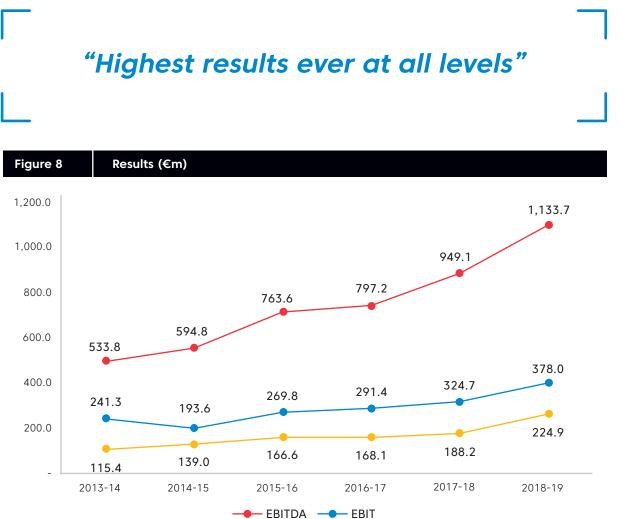




LaLiga – Total Expenses (€m and % of total) Figure 7 143.1 93.2 , 95.1 253.0 5% 39 607.6 **Total Expenses** 18-19 Season: 2,095.0 -€4,646.5m 19% 879.0 3% 6% 122.6 84.1 273.2 Procurement/supplies Financial expenses Sporting wages Depreciation of non-players assets OPEX Non-sporting wages Impairment and provisions Other operating expenses Taxes 🔳 Depreciation of players Cost of player sales (transfers and others) \blacksquare registrations



This has allowed the final profits of *LaLiga* in the 18-19 season, both at an **operating result ("EBIT")**¹¹ level, at \in 378.0m (+16.4% / CAGR_{5V} +9.4%), as well as at a **net result for the year ("NR")** level, at €224.9m (+19.5% / CAGR_{5v} +4.3%), to increase sharply to again record all-time highs in the competition. This despite the fact that the significant investment rate (in players and infrastructure), which has been fostered by the gradual generalised financial consolidation of Spanish clubs, has implied a substantial increase in depreciation charges, which in the last season amounted to \in 702.8m (+29.0% / CAGR_{5y} +18.0%). It should be noted that this investment intensity in Spanish football, which is transferred to the results obtained through the depreciation of fixed assets, is one of the factors that explains the attractiveness of *LaLiga* and its long-term sporting competitiveness. What is remarkable is that this effort is being made without undermining the results of its members. In other words, it is a markedly "self-powered" growth, in which the sustained increase in turnover and the evolution of OPEX, which grow in a controlled manner, means investments and the overall scale of Spanish professional football can increase, without dampening the profits obtained, which continue to grow year after year.



— Adjusted NR (without extraordinary financial revenues arising from bankruptcy procedures or refinancing agreements -ammounting to €0.0m in 18-19 season-)



2019 FINANCIAL REPORT ON PROFESSIONAL FOOTBALL

Apart from the evolution of the apparent and more visible results, it is necessary to highlight the qualitative leap of *LaLiga* in terms of its investment rate. In the 18-19 season, the *operating investment ("Gross CAPEX")*¹² made by the Spanish competition reached an all-time high of $\leq 1,564.3$ m (+23.8% / *CAGR*_{5y} +23.4%), 83.1% aimed at players and 16.9% at infrastructure (including other operating fixed assets as well as stadiums and sporting facilities). In the coming years, this figure is expected to increase considerably as a result of remodelling and improvement works at some of the most important *LaLiga* stadiums, for estimated amounts that comfortably exceed $\leq 1,500$ m. When the renovation of these facilities has been completed, Spanish professional football will have several of the largest and most modern sporting infrastructure in the world –including those that have been inaugurated over the last few years, which have already established themselves as international benchmarks.

"Highest annual amount of gross operating investment (CAPEX) in LaLiga's history"

The *new operating investments ("Net CAPEX")*¹² in the 18-19 season stood at €536.5m (+70.6% / *CAGR*_{5y} +42.0%). This strong growth is due to the fact that, in the last year, the divestments made did not increase as strongly as investments, which shows the capacity and financial strength of *LaLiga*, which is capable of increasing its net installed operating stock. This is ultimately a factor that determines the competition's long-term revenue-generating and growth potential. With this, it can be ensured that, in an aggregated manner, Spanish clubs lay the foundations to consolidate their business in the future. In net terms, throughout the series, approximately slightly less than half of the operating investment has been allocated to players (an asset that rotates significantly within professional football clubs) and slightly more than half to infrastructure (an asset that barely rotates). In the recently completed season, however, 55% was allocated to players and 45% to infrastructure.



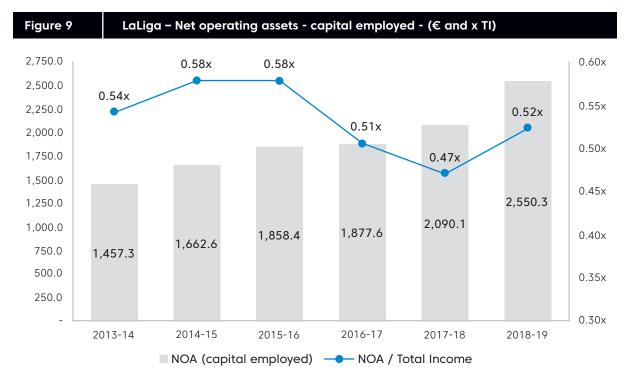
Table 2 Eddigd – Operating Investments and divestments												
CAPEX	2013- 14	2014- 15	2015- 16	2016- 17	2017- 18	2018-19	CAGR %	Abs.				
Gross investment, players	433.1	663.0	670.4	834.3	1,028.3	1,299.6	24.6%	3.0x				
Gross investment, infra.	113.2	309.8	162.3	405.8	234.7	264.7	18.5%	2.3x				
Total gross investment *	546.4	972.8	832.8	1,240.0	1,263.1	1,564.3	23.4%	2.9x				
Divestment, players	(437.3)	(503.8)	(434.4)	(474.6)	(939.0)	(1,006.2)	18.1%	2.3x				
Divestment, infrastructure	(16.0)	(113.0)	(59.6)	(22.4)	(9.7)	(21.6)	6.3%	1.4x				
Total divestments	(453.3)	(616.8)	(493.9)	(497.0)	(948.7)	(1,027.8)	17.8%	2.3x				
Net investment, players	(4.2)	159.2	236.1	359.7	89.4	293.4	-	-				
Net investment, infra.	97.3	196.8	102.8	383.4	225.0	243.0	20.1%	2.5x				
CAPEX (net investment) Annual % change	93.1 -	355.9 282.4%	338.8 -4.8%	743.0 119.3%	314.4 -57.7%	536.5 70.6%	42.0%	5.8x				

Table 2 LaLiga – Operating investments and divestments

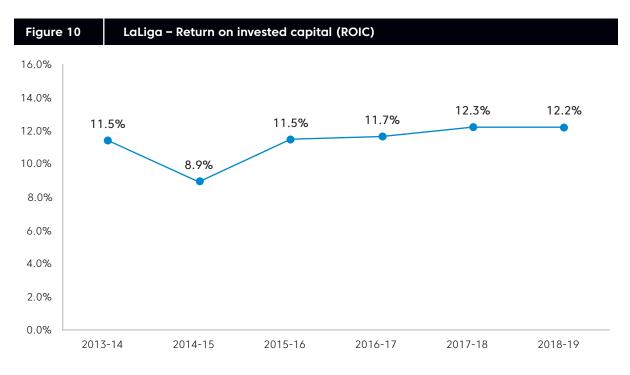
(*) The gross investment in players includes the activated renewal premiums (not classified as an intangible sporting asset, but as an anticipated expense or long-term accrual) paid by some teams on a specific basis, and whose nature can be similar to investment in players / registrations.

Mainly as a result of this notable investment effort (CAPEX), as well as the evolution of *operating working capital ("WF")*¹³, the accumulated accounting amount of *Net Operating Assets ("NOA")*¹⁴ – or capital employed – of the Spanish competition stands at an all-time high of \in 2,550.3m (+22.0% / CAGR_{5y} +11.8%). This is a remarkable level of capital employed by LaLiga, which nevertheless implies a multiple of 0.52x in relative terms with respect to Total Income (0.71x NT), albeit below the levels of previous years. This shows that it is precisely the generalised increase in income (both from NT and that obtained from the sale price associated with the divestment of players), which allows the Spanish competition to increase its installed operating capacity in a sustainable manner.

"Considerable increase in installed operating capacity"



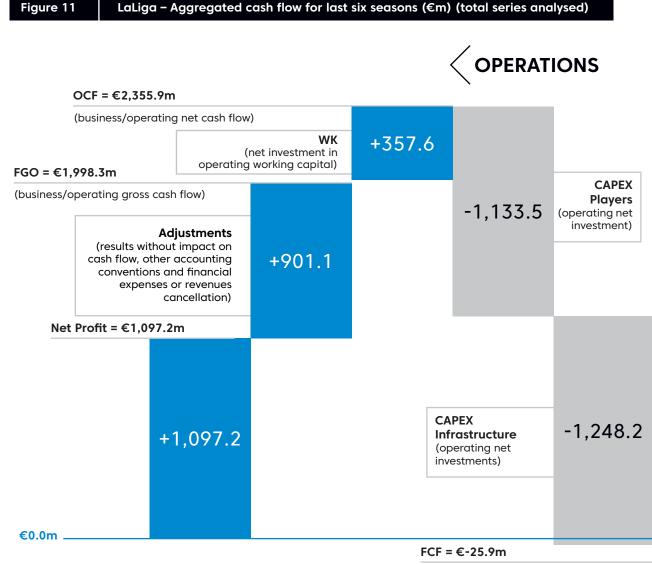
The observation on the evolution of the NOA allows the **operating profitability** of the activity (**"ROIC"**)¹⁵ also to be calculated in the 18-19 season. This rate is obtained by calculating the ratio between the net operating result (*EBIT*) after tax (or *NOPAT*) and the average *NOA* (capital employed) balance for the year, placing it at 12.2%, essentially the same as that of the previous season. It is, in any case, a figure considerably higher than that of the other major international competitions and which has shown well-consolidated stability over the years.





Return on invested invested of LaLiga is very solid and stable

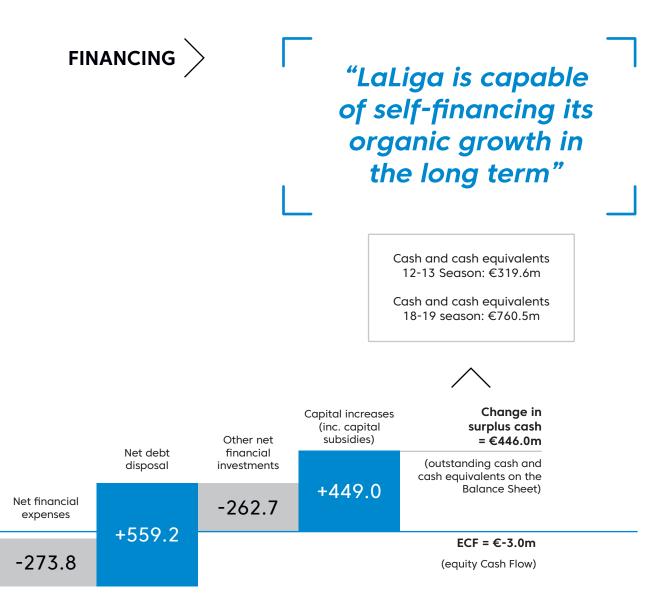
On the other hand, it should be noted that, to a large extent, in the last six seasons as a whole, the strong rate of investment observed has been self-financed by the performance of the business. The effective operating cash flow before net investments ("OCF")²⁶ generated by LaLiga in the period reached $\in 2,355.9$ m. Of this amount, a total of $\in 1,133.5$ m has been invested in players in net terms (operating investments - divestments, or net CAPEX) in players and $\in 1,248.2$ m in infrastructure. With this, the business's operating cash flow after net operating investments, or Free Cash Flow ("FCF")²⁷, yields a negative aggregate net balance of $\in -25.9$ m. In other words, the competition would have been able to basically self-finance its own growth in the long term, without requiring greater indebtedness or share capital injections by the shareholders of the entities. However, given the strong rate of investment recorded (net CAPEX), it would not have been sufficient (due to a lack of excess liquidity) to meet the net charge (i.e. interests/financial expenses) arising from the debt ($\in -273.8$ m). As, in any case, the financing structure of the clubs has been slightly



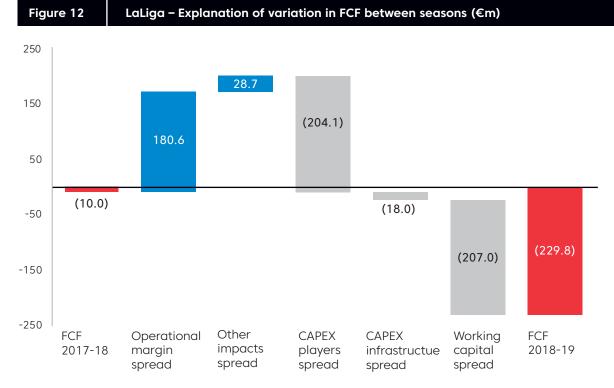
⁽free cash flow from operating activity -after net investments-)



altered, increasing the gross indebtedness (+ \in 559.2m) of the competition on an aggregate basis and having recorded various share capital (equity) increases – aimed at strengthening the equity structure of sports companies – (+ \in 449.0m), including certain subsidies received in exchange for the granting of certain municipally owned stadiums, the surplus treasury balance (or balance of cash and cash equivalents on the consolidated Balance Sheet), has increased by \in 446.0m, moving from accumulated liquidity available (Cash and Cash Equivalents heading) of \in 319.6m at the beginning of the 13-14 season to \in 760.5m at the end of the 18-19 season. In this sense, the competition's financial investments not formally classified as cash items, but which for the most part could mean immediate liquidity available to the clubs, if necessary, have also increased substantially (\notin 262.7m).



Specifically, during the 18-19 season, FCF recorded by LaLiga was €-229.8m, compared to an amount consumed of only €-10.0m in the previous season. This comes despite the considerable improvement in the competition's gross result (EBITDA b/T), which has lead to a cash flow of \in +180.6m due to a higher operating performance (organic margins) of Spanish professional football. Additionally, there are other operating impacts for an incremental amount of €+28.7m. However, this positive evolution in cash flow was not sufficient to offset the strong rate of investment in the year, both in net operating fixed capital (CAPEX), with a movement or increased spread of \in -222.1m (growth of net investments in operating fix assets), and net **operating** working capital (WK) of €-207.0m (growth of investment in operating net current assets). Therefore, taking all these positive (inflows) or negative (outflows) effects into account, the final net FCF balance has suffered from time to time in the year, by €-219.7m, going from recording a *FCF* deficit of €-10.0m (17-18 season) to a *FCF* deficit of €-229.8m (18-19 season). It should be understood that this operating cash flow consumption is not related to organic causes (the operating yield increased significantly during the seasons), but to the extraordinay effort made on capital expenditure (CAPEX and WK).

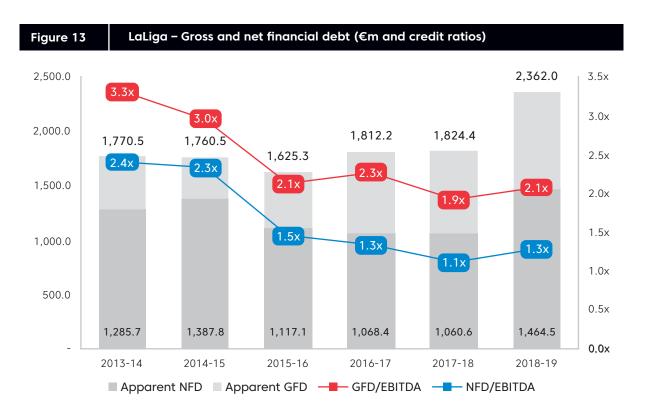


Note: Spread = Increase (Decrease) in net cash flow generated by each concept with respect to that recorded in the previous season.



In the 18-19 season, there was a high consumption of operating cash associated with the notable investment effort, (CAPEX and WK), despite the increase in organic yield recorded by LaLiga

Mainly as a result of this trend regarding the net operating returns (cash flow), with FCF recorded at €-229.8m in the 18-19 season, to which is added the need to meet the net financial burden (€-68.9m in financial expenses) and to carry out other financial investments (for €-125.1m) made in the season, as well as to change the consolidating perimeter of the clubs (those relegated from the Second Division A to the Second Division B, and vice versa), the gross indebtedness ("GFD")¹⁶ of LaLiga in absolute terms (balance of the apparent gross financial debt) increased in the 18-19 season by €537.6m. This calculation includes the effect on GFD of the change in scope as a result of the promotions/relegations between the Second Division A and Second Division B of €+39.9m. This is the greatest annual increase of the series analysed. For its part, *net indebtedness* ("NFD")¹⁷ reached €1,464.5m, an increase of €403.9m over the previous year. Far from being worrying, this growing trend in indebtedness is the best expression of the Spanish competition's level of solvency, which in aggregate terms, in the previous season, was already in a situation of financial leverage that was below its optimum (most efficient level), or most efficient level, taking into account the macroeconomic context and the solid consolidated credit profile achieved by LaLiga. In fact, the NFD ratio to EBITDA ("NFD / EBITDA a/T") of Spanish professional football is only 1.29x compared to the 1.12x of the previous Therefore, the considerable season. increase in financial leverage in absolute terms is not so significant in relative terms. as this higher amount of indebtedness from the competition is diluted in the improvement of organic operating margins (*EBITDA b/T*), reinforced by another outstanding year in terms of Results from Transfers. Furthermore, it can be accepted that the underlying





"The increased indebtedness of the last season is sustainable and does not reduce credit ratios, which remain at comfortable levels"

improvement in the competition's financial fundamentals is the precise explanatory factor that allows *LaLiga* to continue increasing its investments and, therefore, the size of its Balance Sheet, including, of course, the resulting levels of indebtedness.

It should be noted that the previous amounts of indebtedness, gross and net, would increase by approximately €200m (18-19 season) if certain items related to transfers of players were considered, which some clubs classify as trade creditors and that, strictly speaking, in accordance with the applicable regulations, short-term debt should be increasing, as well as if the balances (with agreements in force) of bankruptcy debts pending in the short term were included, also formally classified in the trade balances (not debt). The Association is working to achieve maximum uniformity in this accounting classification for the next season. In this case, the *GFD* / *EBITDA a/T* and *NFD* / *EBITDA a/T* ratios would rise to 2.26x and 1.47x respectively (levels somewhat higher than the 2.08x and 1.29x previously stated).

In any case, for a broader and more realistic definition of indebtedness, with respect to the formal financial debt balances under the different headings of the Balance Sheet of the clubs that make up Spanish professional football, the Association additionally defines the adjusted figures for *GFD* and *NFD* – more precise measures of the effective indebtedness – (*GFDa*¹⁹ and *NFDa*²⁰), which would slightly reduce the debt balances resulting from *LaLiga*.

Table 3 LaLiga – Financial indebtedness

Indebtedness	LaLiga 18-19 season			
	€m	∆ €m	Δ%	Debt/EBITDA
GFD	2,362.0	537.6	29.5%	2.08x
NFD	1,464.5	403.9	38.1%	1.29x
Adjusted GFD (GFDa)	1,995.8	384.3	23.8%	1.76x
Adjusted NFD (NFDa)	1,098.4	250.6	29.6%	0.97x

(*) With a cautionary approach, the liquidity balances that are subtracted from the gross debt amounts to obtain the net debt amounts, include cash and cash equivalents and short-term financial investments, but not long-term financial investments (as calculated in previous seasons)

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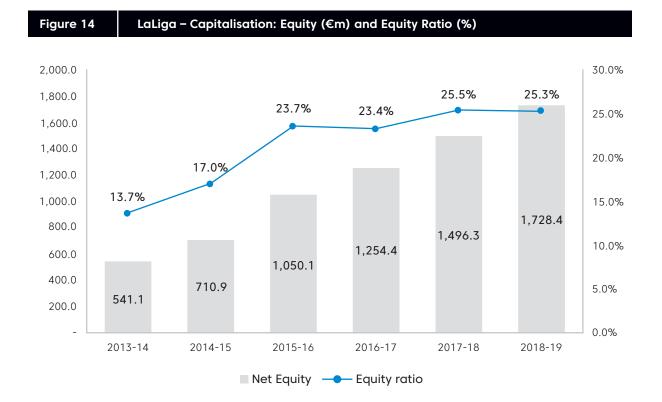
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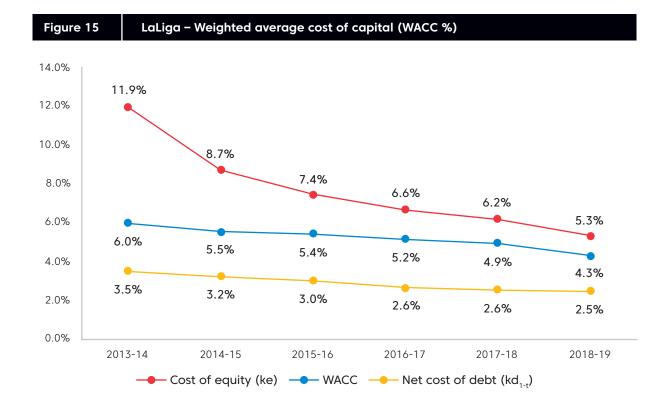
For its part, the outstanding debt with Social Security (SS), central government tax administration (AEAT) and the special regional Tax Offices (Basque Country and Navarre), backed by various postponements and specific agreements signed in certain bankruptcy / refinancing contexts over a few years, continues to decline and stood at \in 51.8m at the end of the 18-19 season (-64.8% in the last year and -92.0% since the beginning of the series), and now has an almost residual significance.

Another means of proving *LaLiga's* high degree of financial solvency is by analysing its degree of capitalisation. In this sense, the *Net Equity* of Spanish professional football amounted to $\in 1,728.4m$ (+15.5% / *CAGR*_{5y} +26.1%), which is again a new all-time high reported by *LaLiga*, and which constitutes an absolute amount substantially higher than the absolute *NFD* registred. Furthermore, the ratio of *Net Equity* against the full Balance Sheet of the competition (*"Equity Ratio"*)²⁰ was 25.3%, practically identical to that of the previous season. This trend is additional evidence that the degree of indebtedness has basically increased in proportional terms.

"High degree of capitalisation and financial solvency"

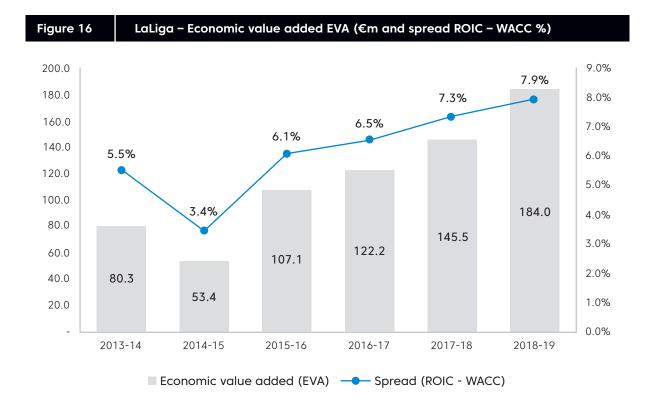


The best means of confirming the continuous improvement in *LaLiga's* financial profile is by estimating its *Weighted Average Cost of Capital ("WACC")*²¹, that is, the average cost of the funding sources (debt and equity) that sustain the activity. The *WACC* has been calculated using various observable in the financial market variables, as well as by using the commonly accepted methodology in this context, known as the *Capital Asset Pricing Model ("CAPM")*²². The *WACC* of Spanish professional football in the 18-19 season was around 4.3%, the lowest figure of the series. It should be emphasised that this improvement is determined not only by exceptional macroeconomic conditions, in general, and the temporal structure of market interest rates (Euribor index and risk-free rate – sovereign debt yield –), in particular, but very much due to the intrinsic financial solidity of the Spanish competition, as well as the low empirical volatility of the returns of this asset class (quoted football clubs) on stock markets (Beta index), which in both cases, under normal market conditions, would result in a decrease in the risk premium demanded (debt and equity) from *LaLiga* by investors.





The result of the registered operating profit (*ROIC*), comfortably above double digits and affording stability, and a continuously declining average weighted cost of the funding sources that support the activity (*WACC*), combined with capital employed (*NOA*) that has grown steadily, maximises **LaLiga's** ability to generate **Economic Value Added ("EVA")**²³. The positive EVA of **LaLiga** in the 18-19 season amounted to $\in 184.0m (+26.5\% / CAGR_{5y} + 17.8\%)$. Once again, this is the largest value generation of value for the competition in its history and has allowed a surplus of $\in 693.4m$ to be accumulated in the last 6 seasons, more than that of other benchmark competitions in the international arena in absolute terms. By far, it is the highest accumulated EVA on the international professional football scene when calculated in relative terms, that is, considering the absolute turnover of LaLiga compared to other competitions' market figures (with considerably larger populations and with price levels higher than those in Spain).



"The capacity to generate economic value added is at historical highs"

Finally, it should be noted that LaLiga's positive financial developmet evolution is not only from the most significant teams in the competition from the point of view of the size of the business volume generated or the assets managed. On the contrary, it is across the board, shared by most of the clubs that make up *LaLiga*, with a considerable degree of capillarity. In fact, the special grouping that is defined by the Association, **Netted** LaLiga, which takes into account all professional Spanish clubs, excluding the two largest, for many parameters (e.g. growth capacity, organic business operating margins, cash flow, efficiency, operating profitability, etc.) is performing even better than *LaLiga's* overall record.

In conclusion, *LaLiga* is at the end of the 18-19 season, a year that coincides with the end of the first three-year cycle of the centralised operation and selling of broadcasting rights, a powerful competition that affords considerable efficient, profitable and solvent growth potential. This strength also translates into the ability to generate substantial economic value added on a recurring and sustainable basis.







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LaLiga: Outlook for the 2019-20 season in progress Having reached the half-way stage in the 19-20 season (first round of the National League Championship), the projections²* regarding the financial evolution of *LaLiga* for the current year are very positive and - unless there are material adverse effects on the market conditions, not foreseen at the time of publishing this Financial Report - allow the expectation that, at the end of this current year, the competition will remain on the favourable path set by the 18-19 season in terms of strong growth, significant increase in results, increase in profitability and the ability to create value. In any event, during this year, some new elements will arise that will temporarily but substantially alter *LaLiga's* economic-financial appearance, which should be anticipated and discussed properly.

The Association estimates that **LaLiga's** Total Income will be around \in 5,500m, maintaining the double digit rate of growth seen in previous years. 2018-19 was the first season in which the competition almost reached \in 5,000m. To put that into perspective, only 7 seasons ago, at the end of the 12-13 season, the Total Income of Spanish professional football was under \in 2,500m.

For its part, the *Net Turnover* (*NT*) will comfortably exceed \leq 4,000m. The current season is the first of the second three-year period for audiovisual rights on the national market (i.e. the second cycle, following the approval of RDL 5/2015, in which joint operation and commercialisation has taken place). The tender process for the new period, which will run between 2019-20 and 2021-22 (the last completed season 2018-19 marks the end of the first three-year cycle) has already concluded and has resulted in a considerable increase in billings for this concept.

This projection for the current 19-20 year is made on the basis of a scenario of normality and continuity of the season, and does not take into account the effects that occurred in March 2020 as a consequence of the global COVID-19 slowdown, whose severity and duration at a financial level cannot be determined at the time of this Report.



Table 4

LaLiga – Gross audiovisual rights marketed by the Association

Gross audiovisual rights (*) marketed by LaLiga (€m)	First cycle / three-year period (2016-17 to 2018-19)	Second cycle / three-year period (2019-20 to 2021-22)	Δ%
Total national market	2,874	3,526	22.7%
Annual average	958	1,175	-
Total international market (**)	2,011	2,402	19.4%
Annual average	670	801	-
Total gross	4,885	5,928	21.3%
Annual average	1,628	1,976	-

(*) Gross traded rights (does not match the net income received by the Spanish professional clubs due to the need to discount the corresponding production expenses according to current legislation).

It excludes amounts distributed by UEFA ("market pool" withing Broadcasting income, or other distributions made by the european institution that are included within Matchday income).

For the purposes of comparison, the marketing rights of the Copa del Rey (approx. €65m gross per season) have been removed from the calculation of the first cycle, something which, in the second cycle that began in the current season (19-20 season), is carried out directly by the Real Federación Española de Fútbol (RFEF).

(**) The international market is negotiated in three-year blocks but is presented with this frequency to adapt it to that of the national market and to show comparability between cycles.





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The financial results will continue to increase significantly. The *EBITDA* of the competition will exceed for the first time the level of $\leq 1,200$ m (gross operating margin over *NT* by 30%-32%). For its part, *EBIT* will stand at around ≤ 400 m (net operating margin over *NT* of around 10% – also with some relative pressure). Both figures will grow somewhat below the increase in turnover for the season (i.e. *OPEX* will increase in percentage terms somewhat more than income), slightly decreasing the activity's degree of efficiency and the underlying operating profitability of the business in relative terms (although not in absolute terms, where the greatest profits recorded to date will be obtained).

An aggregate *Net Result* is expected for *LaLiga* of approximately \leq 250m, again achieving the highest profit made by the competition in its history.

On the other hand, taking into account the start of work to modernise and update some of *LaLiga's* most important stadiums – involving investments of around \in 1,500m for this current season and the three/four following (the largest infrastructure renewal in the competition's history) – as well as maintaining the net investor rate in players, it is estimated that net *CAPEX* will be substantially higher in the 19-20 season compared to the 18-19 season (\in 533m) and may even exceed the maximum amount recorded in a single season, which happened in 16-17 (\in 736m). At the same time, the investment in net working capital (*WK*) will increase, intensifying in relation

"In a scenario of normality, the 2019-20 season will once again record historical financial results"

to the previous season, from which it could be projected that the final Free Cash Flow $(FCF)^{27}$ of **LaLiga** will show a greater deficit than at the end of the 18-19 season $(\in 229.5m)$ and could even double in absolute terms (to greater than $\in 550m$). This is a one-off, non-structural situation, driven by the essential extraordinary investments in infrastructure and the workforce renewal of some teams (in this case, the impact will be partially self-financed by the necessary divestments of players – as is usual), which is laying the foundation for the competition's competitiveness and attractiveness for decades to come.

A significant increase in financial leveraging in absolute terms is expected (placing it at around \in 2,800-2,900m in *GFD*), as well as in relative terms, taking the *NFD/EBITDA* credit ratios into the range of 1.65x-1.85x (vs. 1.29x of the season just ended – which, as highlighted previously, is even a reduced amount to maximise the activity, in a financial market situation like the current one). These would be the

highest indebtedness ratios levels since the 15-16 season (although ostensibly lower than those of the financial years prior to that season), albeit occurring in a business context markedly different from then, with a larger, better capitalised, much more financially solvent competition, capable of generating economic profitability and creating added value in a systematic manner. It must be stated that a large part of the indebtedness that is being employed to undertake these extraordinary investments in infrastructure facilities (which logically cannot be self-financed with the resources generated by the ordinary operations of the clubs) has a very long maturity (up to 30 years), is on very advantageous cost conditions and under a "Project Finance" modality (non-recourse debt and not entailing substantial limitations on the ordinary management of the clubs). The above is irrespective of the aforementioned formal indebtedness from the annual accounts of the affected clubs. Be that as it may, the Association considers any aggregate level of *NFD/EBITDA* that does not exceed 3.0x to be reasonable and efficient for the activity, taking into account the growth being witnessed and the favourable situation of the financial markets (without considering any long-term structured financing for the purposes of this calculation and only the outstanding corporate debt under different modalities taken out in traditional terms).

Finally, it should not be overlooked that, once these infrastructure actions have been completed, some clubs will have renewed assets (*LaLiga* will have some of the best and largest stadiums in the world), specifically designed to maximise their ability to generate income and obtain operating profitability, with which a rapid and natural dilution of debt is to be expected, with the consequent re-establishment of substantially lower credit ratio levels.



Consequently, *LaLiga* faces this scenario of greater indebtedness, driven by the plans to renovate some of its most significant facilities, in optimal conditions, with its "homework" done in financial terms (with debt levels below the most efficient maximum potential), in a context of strong growth in its turnover and visibility in its results. It can be concluded from this that, without a doubt, the time chosen is the most appropriate to undertake these significant extraordinary investments.

On the other hand, the competition's *Net Equity* will stand at close to $\leq 2,000$ m in the 19-20 season, consolidating *LaLiga's* capitalisation and financial fundamentals, with *Equity Ratio* levels showing a slight downward trend (due to the non-organic investment effort in infrastructure renewal, financed largely by debt), but always at around 25.0%.

LaLiga will be able to generate economic value (*EVA*) in 2019-20 that should be in excess of \in 200m, also the largest amount in its history.

Spanish professional football will, in short, increase its attractiveness as a business for its stakeholders: players, employees, fans, sponsors, content distributors, operators, publicists, suppliers, creditors, investors and shareholders. In this sense, an intensification of significant corporate equity and debt deals in the clubs can be expected in the medium and long term, evidencing the improved financial profile of football as a business, as well as the progressive increase in its relevance as a large, modern and profitable industry. All this is without forgetting its appeal as a social entertainment offering par excellence.



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Main milestones of the season and strategic lines for LaLiga

RAI EARIA

Most significant milestones



JULY

LaLiga appointed Honorary Ambassador of "Brand Spain"



SEPTEMBER

Facebook becomes a broadcaster on the Indian subcontinent



NOVEMBER

Collaboration agreement signed with the Chinese Football Association (CFA)

01/07/2018 JUL AUG SEP OCT NOV DEC



AUGUST

Birth of

America

venture)

(Relevent-

LaLiga joint

LaLiga North

(P)

OCTOBER

Launch of *LaLiga Business School* Ć

DECEMBER

Macro-level police operation against football piracy in public establishments







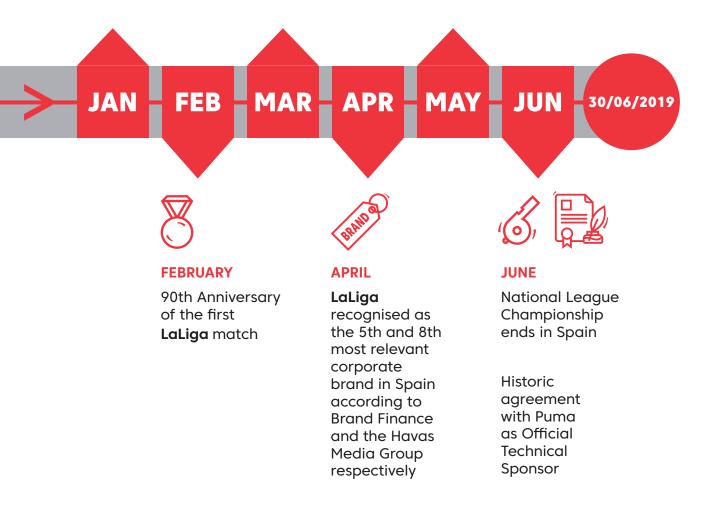
JANUARY Birth of LaLiga ProPlayer

MARCH Launch of LaLigaSportsTV (OTT)



MAY

LaLiga acts as host on the European Leagues Club Advisory Platform





Strategic lines

In recent years, LaLiga's strategy has been to adapt itself to the needs of Spanish professional football at all times:

• First stage (April 2013 - July 2016): Establishing the economic (Economic Control function, start of the centralised management and selling of broacasting rights model, etc.), operational (professionalisation and rationalisation of internal organisational structures, improved audiovisual product, technological content protection, Mediacoach, improved stadium "experience" for fans, etc.) and social fundamentals (eradication of violence, fight against match fixing, increased transparency, integrity and fair play, Compliance framework, etc.) of the competition, promoting transformation in the industry and the restoration of financial stability and its national and international image.

• Second stage (July 2016 - December 2019): Increasing the relevance and brand awareness of *LaLiga* – including its internationalisation, with projects of the LaLiga Global Network – and enhancing communication channels with society, with the aim of increasing the value of broadcasting rights in particular and football as a business in general, enabling the consolidation of vigorous and markedly profitable growth, capable of generating economic value added on a sustained basis.

In this third term of the current LaLiga presidency, which began in December 2019, efforts will continue on all these characteristic core vectors of recent years, but will also be oriented towards new priority lines:



2

INTERNATIONALISATION AND NEW MARKETS

- Maintaining and reinforcing LaLiga as a leading competition globally
- Increasing the value of broadcasting rights at the international level
- Promoting commercial income from other markets

TECHNOLOGY

- Strengthening LaLiga's technological capital through incremental investment in content protection (anti-piracy), audiovisual production and social media
 - Development of ad hoc machinelearning applications



4

BUSINESS INTELLIGENCE & ANALYTICS

- Consolidating LaLiga as a markedly data-driven organisation

- Acquiring greater knowledge of current consumer groups and the incorporation of new groups.

OTT (LaLigaSportsTV)

- Promoting and consolidating LaLiga's over-the-top channel

- Optimising customer intelligence applications (automatic customisation of the commercial offering to users)



5

STRENGTHENING STRATEGIC ALLIANCES WITH INVESTORS AND TECHNOLOGY AND BUSINESS PARTNERS ON VARIOUS FRONTS:

- New markets (internationalisation)
 - LaLiga and anti-piracy product marketing technologies
- Business Intelligence & Analytics
 - Other sports (LaLigaSports)

- Training

DEEPENING THE HOLISTIC CSR (SUSTAINABILITY) STRATEGY OF THE ASSOCIATION AND CLUBS (SOCIAL FAIR PLAY) IN 3 PRIORITY AREAS OF ACTION:

- Organisation of the competition

- Marketing, promotion and protection television rights

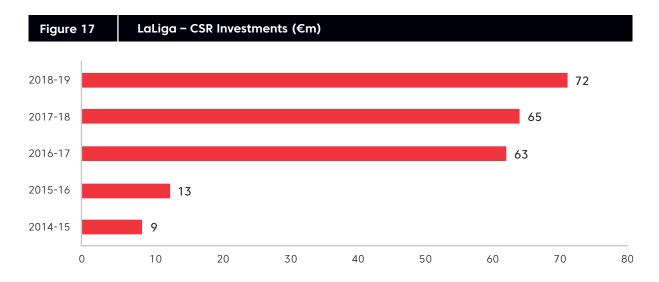
- Associative regulation

Corporate Social Responsibility

Under the guiding principles of accountability, transparency, ethical behaviour, commitment to stakeholders, attention to current legislation, respect for international regulations on behaviour and protection of human rights, LaLiga's corporate social responsibility (CSR) is the set of Spanish professional football's actions aimed at positively impacting the environment, society and the economy. All this activity, and its impact, has been described in detail in the Corporate Social Responsibility Report published for the 2018-19 season, which can be accessed via the following link (in Spanish):

https://assets.laliga.com/assets/2019/12/03/originals/6e7aeb878a39b98325cf4f74e2bd7cf4.pdf

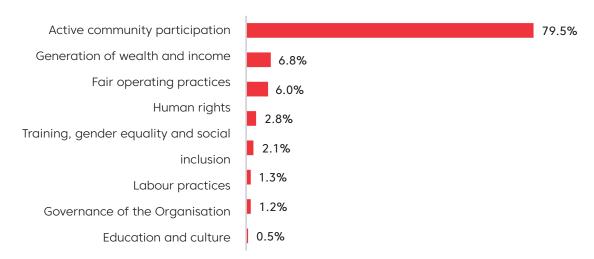
It should be noted in this Financial Report that CSR investments for the season referred to amounted to \in 72.2m, which represents an increase of 10.2% on the previous year. Likewise, it is equivalent to 2.0% of billings (of *NT*) of **LaLiga** as a whole. This is a significantly higher contribution than that of most Spanish companies and industries, which allows for pioneering and transformative initiatives to be carried out to benefit the community.



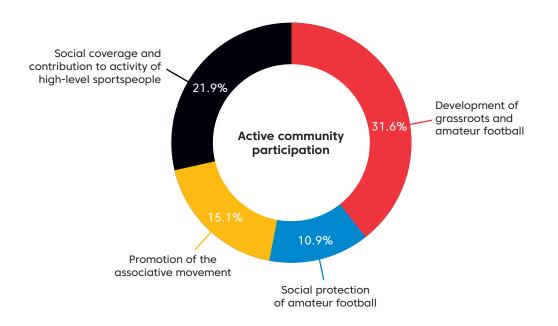


LaLiga – CSR investment scopes in the 18-19 season

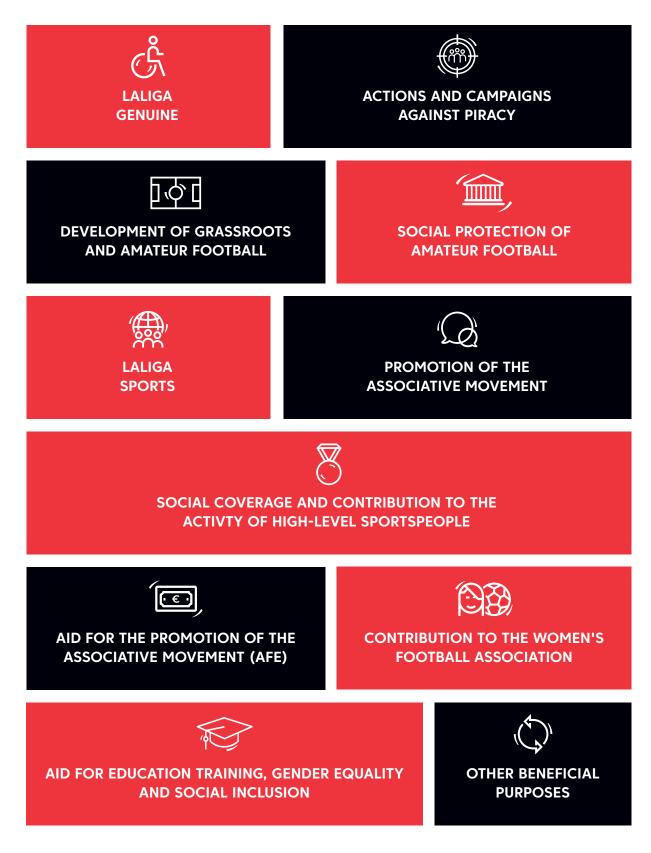
Investment scope



Active community participation (79.5%)



Among the specific lines of action for investment during the 18-19 season, the following should be mentioned:





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Summary financial statements, characterisation and evolution of the economic groupings of LaLiga

The consolidated *financial statements (FS)* of *LaLiga* represent the best picture of the economic-financial analysis carried out on the competition under the previous heading. The *FS* of *LaLiga* are comprised of:

Income Statement (P&L); income, expenses and earnings for each period in accordance with current accounting regulations (Spanish GAAP). It is presented in a "waterfall" format, or layout, that helps financial analysis. Likewise, it has been decided to restate some figures, with respect to the formal versions, to improve such assessment – and in a similar manner to how other leading competitions in Europe do it. This is the case, for example, with the results from players' transfers, which are broken down – that is, on the one hand, as a credit, the sale price, and on the other, as a charge, the cost of sale (i.e. a drop in net book value) – without altering the intermediate balances or the final results. Some intermediate balances of nonformal results are presented (that do not appear in the Spanish GAAP, such as *EBITDA b/T* or *EBITDA a/T*, according to the LaLiga definition that appears in the glossary at the end of the Report.

• **Balance Sheet**; cumulative balances of assets, liabilities net worth at the end of each period. They are ordered through the aggregation of headings, taking into account the nature (operational vs. financial) and the maturity (short- vs. long-term).





• **Cash Flow Waterfall**; statement of cash flows for each period, restated according to the nature and conceptual order of priority of each heading, in accordance with the methodology developed by the Association, to facilitate financial analysis and improve the traceability of the underlying concepts examined. All this is done without altering the net change in cash recorded each year with respect to the reality, and results in the same "Cash and Cash Equivalents" balance that appears on the consolidated *Balance Sheet* and the *Cash Flow* statements of each grouping of clubs under analysis. In a similar vein, the *P&L* has calculations of some intermediate cash balances of an operational, organic and non-organic, nature (e.g. *FGO, OCF, FCFr* and *FCFt*) that are explained in the Report's glossary.

For the sake of simplicity, this section presents the *FS* of each grouping for the period covering the last three financial years, highlighting the last completed season, 2018-19, and the annual variation rate with respect to the immediately preceding season, 2017-18. The $CAGR_{sy}$ and absolute increase multiples, however, are calculated for the last six years (the series discussed in this Report). Annex I offers the exhaustive versions of the *FS* for the last five full seasons, as well as the list of tables and figures that substantiate that evolution.



LaLiga (42 clubs)

From the point of view of *LaLiga's P&L*, the considerable growth recorded in *Net Turnover* (*NT*) and *Total Income* (*TI*) stand out, in a year, 2018-19, which marked the final year of the first centralised operation and selling of broadcasting rights cycle and therefore does not imply any break or discontinuity (as will happen in the current 2019-20 season, where there will be a significant quantitative leap caused by the increase in *Broadcasting* income).

On the other hand, the gross and net operating earnings (*EBITDA b/T*, *EBITDA a/T* and *EBIT*) increased above *NT*, despite the sustained increase in *OPEX*, which denotes efficient growth that is capable of widening the activity's operating margins. This occurs even taking into account the strong rise in accumulated investments (net *CAPEX*) that the competition as a whole is witnessing and its corresponding regularisation through depreciation charges.

Only Results from *Transfers* of players kept their level of contribution the same as the previous season. This is despite the fact that income from divestments (sale price) grew again, recording a new all-time high. However, the costs of these divestments (cost of sale – or drop in net book value of the transferred assets) increased at a somewhat higher rate, causing the final net effect of this concept to be contained (only the intermediate balance of the aggregate P&L results remain at year-on-year rates, although nonetheless continues to post exceptionally high profits in absolute terms).

All this causes a very significant acceleration in the growth of the *Net Result (NR)* in the year.

MartBank



Table 5

LaLiga – Summary P&L

Summary Income Statement	2016-17	2017-18	2018-19	∆ last year	Δ CAGR 5y	∆ abs. 5y
Audiovisual / broadcasting income	1,473.3	1,568.2	1,665.1	6.2%	13.6%	1.89x
Matchday income	761.7	762.6	948.6	24.4%	9.3%	1.56x
Commercial income	706.3	932.5	983.8	5.5%	16.7%	2.16x
NT (net turnover)	2,941.4	3,263.3	3,597.5	10.2%	13.1%	1.85x
Other operating income	175.5	125.5	173.5	38.3%	8.1%	1.48x
Operating Income	3,116.8	3,388.8	3,771.1	11.3%	12.8%	1.83x
Procurements	(91.9)	(128.6)	(143.2)	11.3%	18.2%	2.31x
Non-sports personnel wages	(208.3)	(233.2)	(253.0)	8.5%	14.1%	1.93x
Sports staff wages	(1,671.8)	(1,994.8)	(2,095.1)	5.0%	13.7%	1.90x
Other operating expenses	(697.8)	(812.0)	(879.0)	8.2%	12.3%	1.78x
OPEX (operating expenses)	(2,669.8)	(3,168.6)	(3,370.3)	6.4%	13.5%	1.89x
EBITDA before transfers of players	447.1	220.1	400.8	82.1%	7.9%	1.46x
Sale price for transfer of players	474.6	939.0	1,006.2	7.2%	18.1%	2.30x
Sale cost for transfer of players	(124.5)	(210.0)	(273.3)	30.1%	9.0%	1.54x
Result for transfer of players	350.1	729.0	732.9	0.5%	23.1%	2.82x
EBITDA after transfers of players	797.2	949.1	1,133.7	19.5%	16.3%	2.12x
Deprec., prov, impairment and other res.	(505.8)	(624.4)	(755.7)	21.0%	20.9%	2.58x
EBIT (operating result)	291.4	324.7	378.0	16.4%	9.4%	1.57x
Net financial result	(48.7)	(73.6)	(68.9)	-6.4%	27.9%	3.43x
RBT (result before tax)	242.7	251.0	309.1	23.1%	6.9%	1.40x
Taxes on profits	(65.4)	(62.8)	(84.2)	33.9%	16.6%	2.15x
NR (net profit for the year)	177.3	188.2	224.9	19.5%	4.3%	1.24x

Total Income (TI)	3,708.7	4,433.7	4,871.4	9.9%	12.6%	1.81x
Total Expenses (TE)	(3,531.4)	(4,245.5)	(4,646.5)	9.4%	13.1%	1.85x

From the point of view of the *Balance Sheet*, the strong growth from the 18-19 season stands out above other issues, with an increase in the sum of the different assets of almost \in 1,000m for *LaLiga* as a whole. This is the largest absolute increase in the competition's accounts in a single year. This is a consequence of the significant investment effort taking place (assets) and that is being financed (liabilities) from self-generated funds from the operation of the activity, as well as by increased indebtedness (external funds), maintaining a balanced and stable proportion between both sources of funding for the competition.

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LaLiga – Summary Balance Sheet

Summary Balance Sheet	2016-17	2017-18	2018-19	∆ last year	Δ CAGR 5y	Δ abs. 5y
ASSETS						
NON-CURRENT ASSETS	3,725.2	4,197.7	4,694.7	11.8%	9.9%	1.60x
Operating assets	3,158.8	3,579.9	4,025.7	12.5%	12.5%	1.80x
Financial assets	323.2	384.9	454.8	18.2%	1.6%	1.09x
Deferred tax assets	243.2	232.9	214.2	-8.0%	-5.4%	0.76x
CURRENT ASSETS	1,637.7	1,678.6	2,133.8	27.1%	15.7%	2.08x
Operating assets	727.9	739.1	956.5	29.4%	12.2%	1.78x
Financial assets	249.7	291.8	416.8	42.8%	26.4%	3.23x
Cash and cash equivalents	660.2	647.7	760.5	17.4%	16.1%	2.11x
TOTAL ASSETS	5,363.0	5,876.3	6,828.5	16.2%	11.5%	1.72x
LIABILITIES AND EQUITY						
NET EQUITY	1,254.4	1,496.3	1,728.4	15.5%	26.1%	3.19x
NON-CURRENT LIABILITIES	1,451.9	1,703.6	2,213.5	29.9%	9.4%	1.56x
Operating liabilities	131.4	219.2	244.5	11.6%	21.9%	2.69x
Financial liabilities	1,205.8	1,376.4	1,852.5	34.6%	9.2%	1.55x
Deferred tax liabilities	114.6	108.0	116.4	7.9%	-2.1%	0.90x
CURRENT LIABILITIES	2,656.7	2,676.5	2,886.5	7.8%	7.6%	1.44x
Operating liabilities	2,006.2	2,134.8	2,285.1	7.0%	10.7%	1.66x
Financial liabilities	650.5	541.7	601.4	11.0%	-0.9%	0.95x
TOTAL EQUITY AND LIABILITIES	5,363.0	5,876.3	6,828.5	16.2%	11.5%	1.72x



Finally, from the point of view of *LaLiga's Cash flow* evolution, the strong recovery in the season of the organic capacity to generate excess cash flows, or *Gross Cash Flow from Operations (FGO)*²⁵, is significant, which more than doubled in absolute terms (thanks to increased efficiency or underlying operating margins, in a context of growth in turnover) in the 18-19 season compared to the 17-18 season. However, taking into account the investment that occurred both in working capital (*WK*) and, above all, in fixed operating capital (recurring and non-recurring *CAPEX*), the competition's *Free Cash Flow ("FCF")*²⁷ showed a marked deficit for the first time in many years, which is the result of the particularly extraordinary time that *LaLiga* is experiencing, making investment efforts that will mark its potential and feature its financial appearance in the long term. It should be made clear that if only the organic *CAPEX* (that is, that which does not exceed the average of the previous seasons) is calculated, the *recurring FCF ("FCFr")* of the grouping would have been positive and substantially above that of the previous season. There is, therefore, a large impact of growth or expansion *CAPEX* on the *FCF* of *LaLiga* in the 18-19 season.



Resulting from the above, there has been a notable increase in financial debt during the season, of about €500m, above the level immediately required by the activity, which is symptomatic of clubs providing themselves with the liquidity necessary to maintain the rate of investment during the current season and in future years. The final surplus cash balance (*Cash and Cash Equivalents*), without considering other markedly liquid financial investments, is also at the highest level ever recorded by the competition.



Table 7

LaLiga – Summary Cash Flow

Summary Cash Flow (indirect method)	2016-17	2017-18	2018-19
A. Net Results for the year (NR)	177.3	188.2	224.9
B. Adjust. (non cash and finan. P&L head.) to Net Result	249.3	(5.1)	167.6
A. + B. Gross cash flow from operations (FGO)	426.6	183.1	392.5
C. Net investment in working capital (WK)	440.5	121.2	(85.8)
A. + B. + C. Net cash flow from operations (OCF)	867.1	304.4	306.7
D1. Net investment in recurring operating capacity (CAPEX)	(429.6)	(362.3)	(262.9)
+/- Net recurring investment in players	(240.8)	(171.4)	(137.7)
+/- Net recurring investment in infra. and other op. assets	(188.7)	(190.9)	(125.2)
A. + B. + C. + D1. Recurring free cash flow (FCFr)	437.5	(57.9)	43.8
D2. Net Invest. in non-recurring operating capacity (CAPEX)	(313.5)	47.9	(273.6)
+/- Net non-recurring investment in players	(118.9)	82.0	(155.8)
+/- Net non-recurring invest. in infra. and other op. assets	(194.6)	(34.1)	(117.8)
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	124.0	(10.0)	(229.8)
+/- Net financial expenses	(48.7)	(73.6)	(68.9)
+/- Variation in financial debt (with financial entities)	102.5	(22.6)	59.1
+/- Variation in financial debt (not with financial entities)	81.1	78.6	438.6
+/- Variation in other ST or LT fin. assets and liabilities	(37.0)	(41.1)	(125.1)
A. + B. + C. + D. + E. Equity cash flow (ECF)	222.0	(68.7)	73.9
F. Share capital incr. (vs. decrease or dividend distribution)	27.9	62.7	34.2
A. + B. + C. + D. + E. + F. Net change in annual cash	249.9	(6.0)	108.1

Cash and cash equivalents, opening balance	410.3	653.7	652.4
Cash and cash equivalents, closing balance	660.2	647.7	760.5

(*) Cash balances at the end of period n-1 do not match precisely those at the beginning of period n due to the change in the perimeter of clubs caused by the dynamics of promotions/relegations in Spanish professional football

Finally, it should be noted that the positive financial trend of *LaLiga* is a common characteristic of most of its clubs. A vast majority (over 80%) of the teams recorded operating and net profits in the 18-19 season, almost half managed to generate positive *FCF* (despite the strong growth in investments) and close to half

Table 8 LaLiga – Distribution of results and growth of clubs

LaLiga (total = 42 clubs)		
Absolute figures	No.	%
EBITDA b/T >0	27	64.3%
Result for transfer of players >0	38	90.5%
EBITDA a/T >0	37	88.1%
EBIT >0	35	83.3%
Net Result (NR) >0	34	81.0%
Free Cash Flow (FCF) >0	20	47.6%
Economic Value Added (EVA) >0	19	45.2%
Annual growth	No.	%
Δ Net Turnover (NT)	28	66.7%
Δ EBITDA b/t	22	52.4%
Δ Result for transfer of players	21	50.0%
Δ EBITDA a/t	24	57.1%
Δ EBIT	24	57.1%
Δ Net Result (NR)	24	57.1%
Δ Free Cash Flow (FCF)	19	45.2%
Δ Economic Value Added (EVA)	21	50.0%
Δ Gross Financial Debt (GFD)	18	42.9%

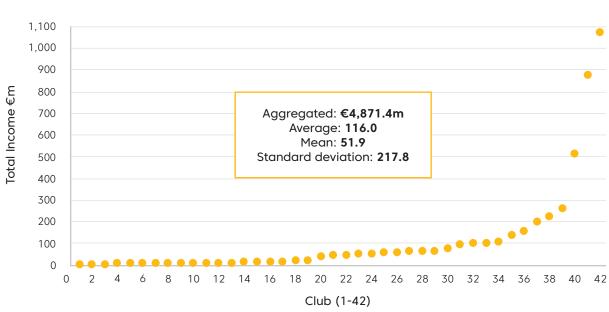
also generated economic value added (*EVA*). On the other hand, apart from the absolute figures being positive, most teams grew in annual terms compared to the previous season. Other than the *GFD* balance, the majority continued to extend their financial deleveraging process, compared to 42.9% of entities that increased it. This is illustrative of the fact that the increased aggregate indebtedness detected in the season is by no means a generalised trend, if the evolution of clubs at an individual level is taken into account.

Next, the population or set of the 42 clubs that make up *LaLiga*, both *LaLiga Santander* (20 teams) and *LaLiga SmartBank* (22 teams) is defined via graphical representations of the individual data (in ascending order) and the corresponding histograms for some of the main financial figures of the 18-19 season examined in this Report.

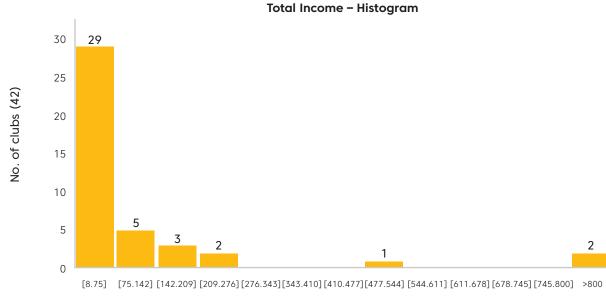


All the distributions examined, for the different figures, show an important bias to the right, which implies the existence of a few values significantly larger than the rest. This means that the average population is systematically greater than the median and that the data is not symmetrical, which also gives rise to distributions with a significant degree of variability or dispersion.

- Figure 19
- LaLiga Total Income; Distribution and histogram



Total Income – LaLiga Clubs



Total Income €m

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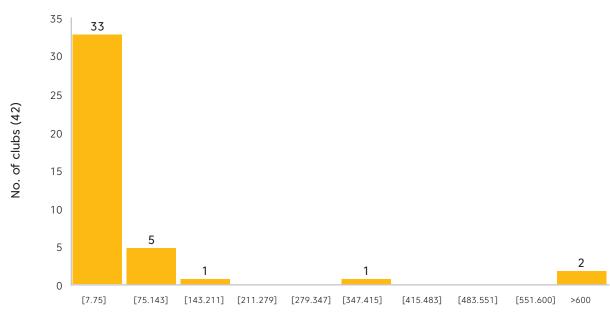
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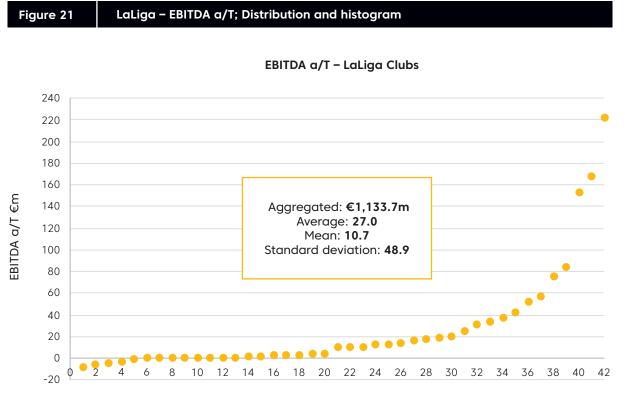




Club (1-42)

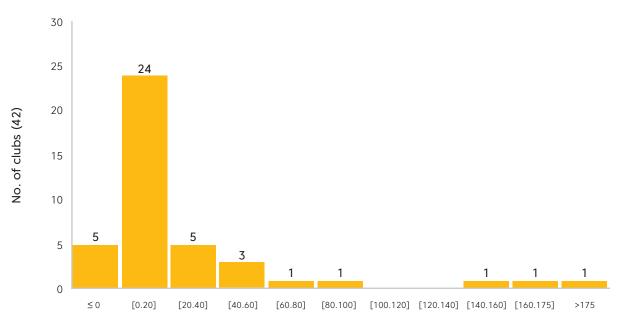


NT – Histogram



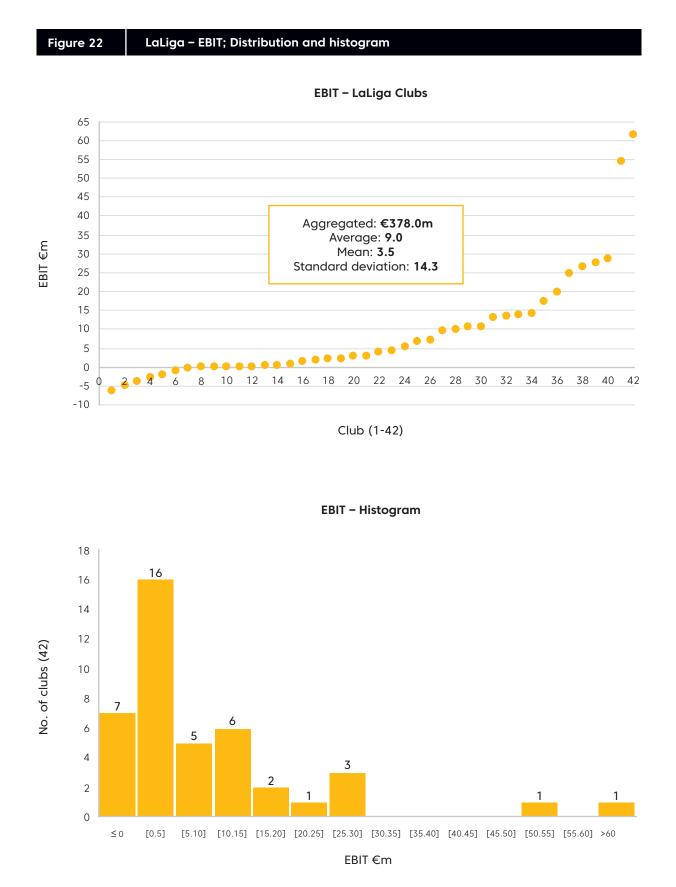
Club (1-42)

EBITDA a/T – Histogram



EBITDA a/T €m





82



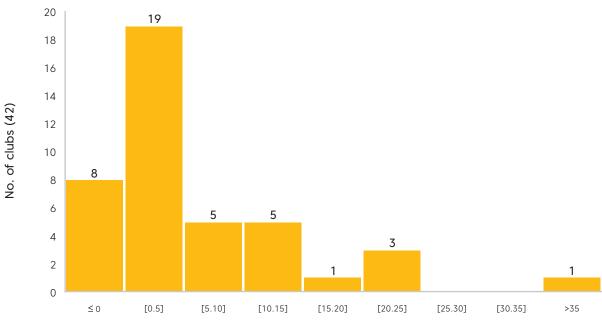
Figure 23 LaLiga – Net Profit; Distribution and histogram





Club (1-42)

Net Result – Histogram



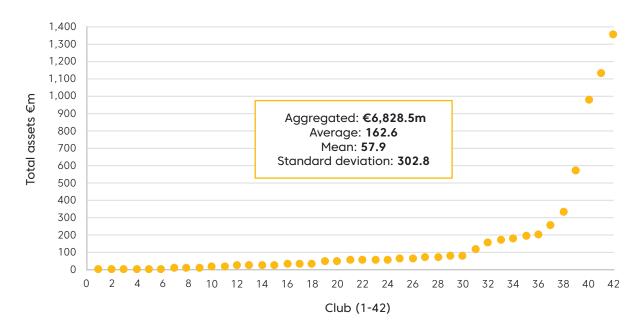
Net profit €m

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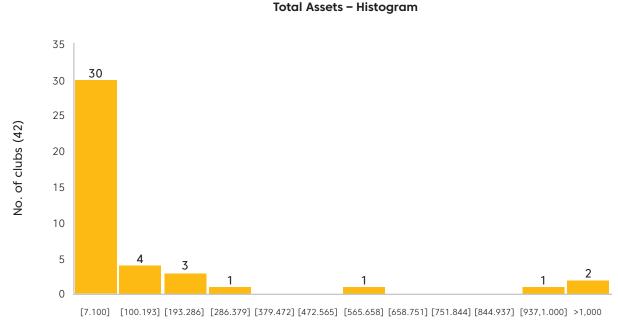




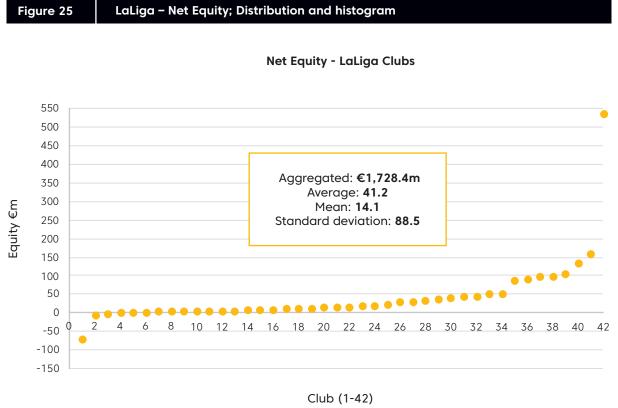
Figure 24 LaLiga – Total assets; Distribution and histogram

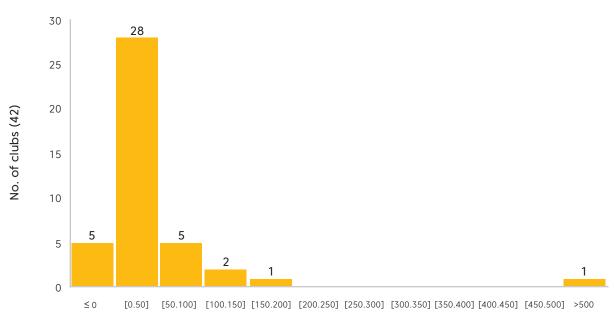


Total Assets – LaLiga Clubs



Total assets €m





Net Equity – Histogram

Equity €m







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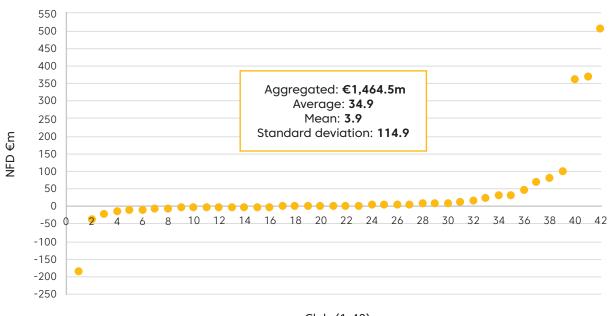
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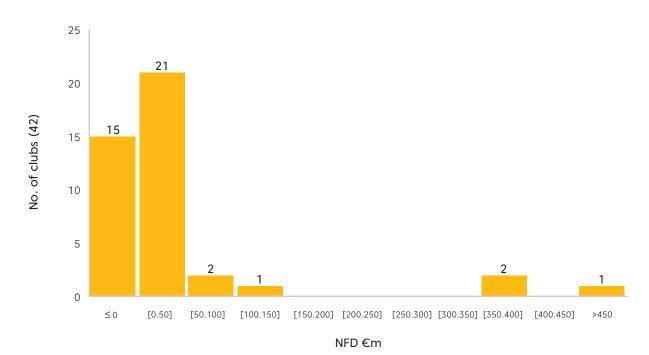
Figure 26 LaLiga – Net Financial Debt (apparent); Distribution and histogram



Net financial debt (NFD) – LaLiga Clubs



Net financial debt (NFD) - Histogram



Netted LaLiga (40 clubs)

From *LaLiga's* grouped *FS*, If the figures relating to the two largest clubs by *Net Turnover* (*NT*) and *Balance Sheet size* (the two combined basically represent between 30% and 50% of Spanish professional football for the main financial indicators) are removed from *LaLiga's* grouped financial statements, the resulting grouping is *Netted LaLiga*. The observation regarding the evolution of this group is interesting to verify the progress of the competition, regardless of the impact caused by the two largest teams, which have a very significant weight in *LaLiga*.

In the 18-19 season, **Netted LaLiga** grew in billings (*NT*) and also Total Income (*TI*) at slightly slower rates (only a few tenths) than those recorded by **LaLiga**. However, this is not the usual pattern in the years of the series and, in fact, during the series analysed in this Report, the $CAGR_{5y}$ of both figures is slightly higher for **Netted LaLiga**. If a change in the pattern is observed in the last season, this is due to the fact that it is the final year of the first cycle of centralised comercialisation of broadcasting rights (therefore, without significant growth for this concept), together with the entry into operation of UEFA's new distribution system, which has implied a strong increase in billings for the teams that compete in international competitions, specifically for the two largest entities (which are also those that usually go the furthest – and accumulate higher ratios – in the tournaments of this body).

In any case, all the different headings of **Netted LaLiga's** results (from *EBITDA* to *NR*) have increased their profits, at double digit rates in YoY terms. Moreover, for many of these results balances, the implicit margins on *NT* are even higher for **LaLiga**, which shows that, despite the smaller size of the teams, if compared in relative terms, this grouping is even more efficient operationally and profitable than the overall one that incorporates the two largest clubs.





Table 9

Netted LaLiga – Summary P&L

Summary Income Statement	2016-17	2017-18	2018-19	∆ last year	Δ CAGR 5y	∆ abs. 5y
Audiovisual / broadcasting income	1,130.0	1,202.4	1,293.1	7.6%	18.3%	2.32x
Matchday income	335.2	329.5	414.6	25.8%	10.0%	1.61x
Commercial income	227.1	304.4	297.9	-2.1%	15.5%	2.05x
NT (net turnover)	1,692.3	1,836.3	2,005.7	9.2%	15.9%	2.09x
Other operating income	108.0	112.4	157.6	40.2%	18.7%	2.35x
Operating Income	1,800.3	1,948.7	2,163.3	11.0%	16.1%	2.11x
Procurements	(58.6)	(92.5)	(82.4)	-10.9%	18.4%	2.33x
Non-sports personnel wages	(128.7)	(147.6)	(155.3)	5.3%	15.4%	2.05x
Sports staff wages	(941.2)	(1,088.0)	(1,222.2)	12.3%	14.2%	1.94x
Other operating expenses	(407.8)	(455.5)	(493.9)	8.4%	15.6%	2.06x
OPEX (operating expenses)	(1,536.3)	(1,783.6)	(1,953.9)	9.5%	14.8%	1.99x
EBITDA before transfers of players	264.0	165.1	209.4	26.8%	34.8%	4.45x
Sale price for transfer of players	381.6	603.2	677.2	12.3%	18.8%	2.36x
Sale cost for transfer of players	(110.6)	(135.9)	(143.7)	5.7%	7.5%	1.43x
Result for transfer of players	271.0	467.3	533.5	14.2%	23.4%	2.86x
EBITDA after transfers of players	535.0	632.4	742.9	17.5%	26.1%	3.18x
Deprec., prov, impairment and other res.	(302.2)	(384.5)	(436.7)	13.6%	32.3%	4.06x
EBIT (operating result)	232.8	247.9	306.2	23.5%	19.5%	2.44x
Net financial result	(47.7)	(59.9)	(54.2)	-9.6%	48.4%	7.19x
RBT (result before tax)	185.1	187.9	252.0	34.1%	16.4%	2.13x
Taxes on profits	(47.3)	(43.8)	(70.1)	59.9%	34.9%	4.47x
NR (net profit for the year)	137.8	144.1	182.0	26.3%	12.2%	1.78x

Total Income (TI)	2,261.7	2,648.3	2,913.7	10.0%	14.3%	1.95x
Total Expenses (TE)	(2,123.9)	(2,504.2)	(2,731.8)	9.1%	14.4%	1.96x

With regard to the *Balance Sheet*, the long-term evolution of *Netted LaLiga* is very similar to that of *LaLiga*. However, unlike the latter, the 18-19 season was not the one with the highest absolute increase of the series analysed. This aspect shows that a key part of the growth of the Spanish professional competition in the last year came from the investment in players and infrastructure carried out by the two largest clubs in terms of *LaLiga's* size.

Table 10 Netted LaLiga – Summary Balance Sheet									
Summary Balance Sheet	2016-17	2017-18	2018-19	∆ last year	Δ CAGR 5y	∆ abs. 5y			
ASSETS									
NON-CURRENT ASSETS	2,417.6	2,682.8	3,012.6	12.3%	9.9%	1.60x			
Operating assets	2,036.1	2,270.8	2,587.3	13.9%	15.2%	2.03x			
Financial assets	170.2	212.9	252.5	18.6%	-6.5%	0.71x			
Deferred tax assets	211.2	199.2	172.8	-13.2%	-6.9%	0.70x			
CURRENT ASSETS	1,110.6	1,088.2	1,318.5	21.2%	16.6%	2.15x			
Operating assets	473.5	381.9	536.5	40.5%	9.8%	1.60x			
Financial assets	247.7	289.1	335.5	16.1%	21.1%	2.60x			
Cash and cash equivalents	389.4	417.2	446.4	7.0%	24.8%	3.03x			
TOTAL ASSETS	3,528.1	3,771.0	4,331.1	14.9%	11.7%	1.74x			
LIABILITIES AND EQUITY									
NET EQUITY	675.6	873.6	1,063.1	21.7%	55.2%	9.00x			
NON-CURRENT LIABILITIES	1,232.8	1,364.5	1,541.4	13.0%	6.7%	1.38x			
Operating liabilities	114.3	179.0	214.0	19.5%	31.3%	3.90x			
Financial liabilities	1,018.8	1,094.3	1,230.9	12.5%	5.3%	1.29x			
Deferred tax liabilities	99.7	91.1	96.4	5.9%	-2.4%	0.89x			
CURRENT LIABILITIES	1,619.7	1,533.0	1,726.6	12.6%	6.6%	1.37x			
Operating liabilities	1,069.8	1,108.0	1,245.3	12.4%	9.6%	1.58x			
Financial liabilities	549.9	425.0	481.3	13.2%	0.4%	1.02x			
TOTAL EQUITY AND LIABILITIES	3,528.1	3,771.0	4,331.1	14.9%	11.7%	1.74x			



Finally, the trend of **Netted LaLiga's** cash flow is relatively proportional to that of **LaLiga**, although the lower investment effort (*CAPEX*) of the grouping that removes the two largest entities in the last season also implies a lower final consumption of operating cash at a *FCF* level and, therefore, a smaller relative increase in the resulting financial debt.

Table 11 Netted LaLiga – Summary Cash Flow

Summary Cash Flow (indirect method)	2016-17	2017-18	2018-19
A. Net Result for the year (NR)	137.8	144.1	182.0
B. Adjust. (non cash and finan. P&L head.) to Net Result	146.3	(9.2)	(4.1)
A. + B. Gross cash flow from operations (FGO)	284.1	134.9	177.9
C. Net investment in working capital (WK)	182.8	122.8	(31.4)
A. + B. + C. Net cash flow from operations (OCF)	466.9	257.7	146.4
D1. Net investment in recurring operating capacity (CAPEX)	(219.9)	(188.6)	(68.2)
+/- Net recurring investment in players	(82.6)	(49.9)	5.7
+/- Net recurring investment in other operating assets	(137.4)	(138.7)	(73.9)
A. + B. + C. + D1. Recurring free cash flow (FCFr)	247.0	69.1	78.3
D2. Net Invest. in non-recurring product capacity (CAPEX)	(203.8)	36.7	(127.7)
+/- Net non-recurring investment in players	(30.9)	70.9	(55.0)
+/- Net non-recurring invest. in infra. and other op. assets	(172.9)	(34.2)	(72.7)
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	43.2	105.9	(49.5)
+/- Net financial expenses	(47.7)	(59.9)	(54.2)
+/- Variation in financial debt (with financial entities)	95.2	(37.6)	62.2
+/- Variation in financial debt (not with financial entities)	108.6	0.7	96.1
+/- Variation in other ST or LT fin. assets and liabilities	(9.6)	(37.4)	(64.3)
A. + B. + C. + D. + E. Equity cash flow (ECF)	189.8	(28.4)	(9.7)
F. Share capital incr. (vs. decrease or dividend distribution)	27.9	62.7	34.2
A. + B. + C. + D. + E. + F. Net change in annual cash	217.7	34.4	24.4

Cash and cash equivalents, opening balance	171.8	382.9	422.0
Cash and cash equivalents, closing balance	389.4	417.2	446.4

(*) Cash balances at the end of period n-1 do not coincide with those at the beginning of period n due to the change in the perimeter of clubs caused by the dynamics of promotions/relegations in professional football

At the previous results and growth distribution level, it can be seen that, as with *LaLiga* as a whole, the positive evolution is a characteristic shared by most of the clubs that make up *Netted LaLiga*.

Table 12 Netted LaLiga – Distribution of results and growth of clubs

Netted LaLiga (total = 40 clubs)		
Absolute figures	No.	%
EBITDA b/T >0	25	62.5%
Result of transfers >0	36	90.0%
EBITDA a/T >0	35	87.5%
EBIT >0	33	82.5%
Net Result (NR) >0	32	80.0%
Free Cash Flow (FCF) >0	20	50.0%
Economic Value Added (EVA) >0	18	45.0%
Annual growth	No.	%
Δ Net Turnover (NT)	26	65.0%
Δ EBITDA b/t	20	50.0%
Δ Result of transfers	20	50.0%
Δ EBITDA a/t	23	57.5%
Δ EBIT	23	57.5%
Δ Net Result (NR)	23	57.5%
Δ Free Cash Flow (FCF)	18	45.0%
Δ Economic Value Added (EVA)	20	50.0%
Δ Gross Financial Debt (GFD)	18	45.0%

Finally, if the main indices, ratios and relevant metrics of both groups are compared (*LaLiga* vs. *Netted LaLiga*), it can quickly be seen that, despite its smaller size, *Netted LaLiga* is even more efficient from an operational point of view, and therefore more profitable, than the competition as a whole. This is both at the accounting level and from the point of view of the effective returns (cash flow) generated. The foregoing is the best confirmation that, contrary to what is often claimed, it can no longer be considered that Spanish professional football is "a matter of two teams", after having consolidated a more balanced and sustainable competition from a financial point of view, especially in the last two seasons.



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		La	Liga		Netted LaLiga			
Comparative analysis	2017- 18	2018- 19	Δ% annual	CAGR 5y	2017- 18	2018- 19	Δ% annual	CAGR 5y
INCOME								
Total Income -TI- (€m)	4,433	4,871	9.9%	12.6%	2,648	2,913	10.0%	14.3%
Net Turnover -NT- (€m)	3,263	3,597	10.2%	13.1%	1,836	2,005	9.2%	15.9%
Breakdown of Total Income								
Broadcasting (%)	35.4%	34.2%			45.4%	44.4%		
Marketing (%)	18.2%	17.2%			6.7%	5.3%		
Advertising (%)	2.9%	3.0%			4.8%	4.9%		
Matchday (%)	17.2%	19.5%			12.4%	14.2%		
Sale Price of Transfers (%)	21.2%	20.7%			22.8%	23.2%		
Other Income (%)	5.2%	5.5%			7.9%	7.9%		
RESULTS								
EBITDA b/T (€m)	220	400	82.1%	7.9%	165	209	26.8%	34.8%
Results from Transfers (€m)	729	732	0.5%	23.1%	467	533	14.2%	23.4%
EBITDA a/T (€m)	949	1,133	19.5%	16.3%	632	742	17.5%	26.1%
EBIT (€m)	324	378	16.4%	9.4%	247	306	23.5%	19.5%
RBT (€m)	251	309	23.1%	6.9%	187	252	34.1%	16.4%
Net Result - NR - (€m)	188	224	19.5%	4.3%	144	182	26.3%	12.2%
MARGIN (OVER NT)	I				1			
EBITDA b/T (%)	6.7%	11.1%			9.0%	10.4%		
Results from Transfers (%)	22.3%	20.4%			25.4%	26.6%		
EBITDA a/T (%)	29.1%	31.5%			34.4%	37.0%		
EBIT (%)	9.9%	10.5%			13.5%	15.3%		
RBT (%)	7.7%	8.6%			10.2%	12.6%		
Net Results -NR- (%)	5.8%	6.3%			7.8%	9.1%		
CASH FLOW FROM OPERATIONS	,			1	1			1
FGO (€m)	183	392			134	177		
+/- WK (€m)	121	(85)			122	(31)		
OCF (€m)	304	306			257	146		
+/- CAPEX (€m)	(314)	(536)			(151)	(195)		
FCF (€m)	(10)	(229)			105	(49)		



Table 13 Netted LaLiga ve	s. LaLiga	– Main	indices, r	atios and	dmetric	S			
		La	Liga			Nette	Netted LaLiga		
Comparative analysis	2017- 18	2018- 19	Δ% annual	CAGR 5y	2017- 18	2018- 19	Δ% annual	CAGR 5y	
OPERATING EFFICIENCY AND PROF	ITABILIT	Y INDICE	S						
Wage Costs (€m)	2,228	2,348	5.4%	13.8%	1,235	1,377	11.5%	14.3%	
Wage Costs / TI (%)	50.3%	48.2%			46.7%	47.3%			
OPEX (€m)	3,168	3,370	6.4%	13.5%	1,783	1,953	9.5%	14.8%	
OPEX/Total Income	0.71x	0.69x			0.67x	0.67x			
NOA (€m) -capital employed-	2,090	2,550	22.0%	11.8%	1,473	1,740	18.1%	13.8%	
NOA/Total Income (x)	0.47x	0.52x			0.56x	0.60x			
CAPEX Net (€m)	314	536	70.6%	42.0%	151	195	29.0%	-	
CAPEX/Total Income (x)	0.07x	0.11x			0.06x	0.07x			
ROIC (%)	12.3%	12.2%			12.4%	13.9%			
FINANCIAL SOUNDNESS					1				
Net Equity (€m)	1,496	1,728	15.5%	26.1%	873	1,063	21.7%	55.2%	
Apparent GFD (€m)	1,824	2,362	29.5%	5.9%	1,466	1,664	13.5%	3.5%	
Apparent NFD (€m)	1,024	1,464	38.1%	2.6%	935	1,083	15.8%	-0.8%	
GFD/EBITDA a/t (x)	1.9x	2.1x	30.176	2.076	2.5x	2.4x	13.076	0.078	
NFD/EBITDA a/t (x)	1.7x	1.3x			1.6x	2.4x 1.6x			
	15.4x	16.4x			10.9x	12.5x			
Interest coverage index (x)		3.3%				3.6%			
Average annual cost of debt (kd)	3.4%				3.7%				
Equity ratio (%)	25.5%	25.3%			23.2%	24.5%			
VALUE CREATION									
ROIC vs. WACC (Spread p.p.)	7.3%	7.9%			7.6%	9.6%			
Value creation EVA €m	145	184	26.5%	17.8%	113	158	39.4%	39.8%	
RELATIVE WEIGHT (of Netted LaLig	ja over l	.aLiga)							
Total Income -TI-	-	-			59.7%	59.8%			
NT	-	-			56.3%	55.8%			
EBITDA b/T	-	-			75.0%	52.3%			
Results from Transfers	-	-			64.1%	72.8%			
EBITDA a/T	-	-			66.6%	65.5%			
EBIT	-	-			76.3%	81.0%			
RBT	-	-			74.9%	81.5%			
Net Result -NR-	-	-			76.6%	80.9%			
GFD	-	-			80.4%	70.5%			
NFD	-	-			88.2%	74.0%			
NOA	-	-			70.5%	68.3%			
Net Equity	-	-			58.4%	61.5%			
FGO	-	-			73.7%	45.3%			
WK	-	-			101.3%	36.6%			
OCF	-	-			84.7%	47.7%			
CAPEX	-	-			48.3%	36.5%			
FCF	-	-			-	21.5%			
EVA					78.1%	86.1%			

LaLiga Santander (20 clubs)

The financial appearance of the Spanish professional football First Division is not significantly different from that of *LaLiga* as a whole, which can be easily understood if one considers that still around 91% of *TI* (and almost 93% of *NT*) of Spanish professional football come specifically from the 20 clubs that make up *LaLiga Santander*.

At a *P&L* level, *LaLiga Santander* shows strong growth throughout the series, with double-digit *CAGR*_{5y} for both *NT* and *TI*. However, the pace slowed slightly in the 18-19 season, the last year of the first completed cycle of broadcasting rights marketed in a centralised way in Spanish professional football, and in fact the rate of change of both income figures was even lower than those of *LaLiga* or *Netted LaLiga* already analysed. This also reveals an element that will be dealt with later when looking at *LaLiga SmartBank*, such as the fact that a good part of the registered growth comes from the *Second Division A*.

All *LaLiga Santander's* balances of results (except the gain from transfers of players) showed double digit YoY growth, with *EBITDA b/T* standing out above the rest, which in the 18-19 season almost doubled that of the previous year, achieving strong growth in operational efficiency at an organic level.





Table 14

LaLiga Santander – Summary P&L

Summary Income Statement	2016-17	2017-18	2018-19	∆ last year	Δ CAGR 5y	Δ abs. 5y
Audiovisual / broadcasting income	1,338.0	1,432.7	1,506.0	5.1%	12.9%	1.84x
Matchday income	731.3	722.6	896.5	24.1%	9.3%	1.56x
Commercial income	675.1	898.9	929.3	3.4%	16.5%	2.14x
NT (net turnover)	2,744.4	3,054.3	3,331.7	9.1%	12.7%	1.82x
Other operating income	127.3	74.3	100.8	35.7%	1.2%	1.06x
Operating Income	2,871.6	3,128.6	3,432.6	9.7%	12.3%	1.78x
Procurements	(82.5)	(120.0)	(129.8)	8.2%	18.2%	2.31x
Non-sports personnel	(180.7)	(201.5)	(208.6)	3.5%	12.7%	1.82x
Sports staff	(1,535.6)	(1,853.2)	(1,907.8)	2.9%	13.5%	1.88x
Other operating expenses	(617.6)	(728.1)	(756.9)	3.9%	11.3%	1.71x
OPEX (operating expenses)	(2,416.4)	(2,902.8)	(3,003.1)	3.5%	13.0%	1.84x
EBITDA before transfers of players	455.3	225.8	429.5	90.2%	7.7%	1.45x
Sale price for transfer of players	435.4	889.2	930.9	4.7%	18.0%	2.28x
Sale cost for transfer of players	(118.8)	(202.6)	(250.7)	23.7%	8.1%	1.48x
Result for transfer of players	316.6	686.6	680.2	-0.9%	23.4%	2.86x
EBITDA after transfers of players	771.9	912.4	1,109.8	21.6%	15.7%	2.08x
Deprec., prov, impairment and other res.	(494.5)	(613.2)	(733.3)	19.6%	21.8%	2.68x
EBIT (operating result)	277.3	299.2	376.4	25.8%	7.6%	1.44x
Net financial result	(47.5)	(70.1)	(63.2)	-9.9%	3.6%	1.20x
RBT (result before tax)	229.8	229.0	313.2	36.8%	8.6%	1.51x
Taxes on profits	(61.9)	(59.7)	(82.5)	38.0%	22.5%	2.75x
NR (net profit for the year)	167.9	169.3	230.8	36.3%	5.4%	1.30x

Total Income (TI)	3,390.6	4,105.4	4,428.3	7.9%	12.4%	1.79x
Total Expenses (TE)	(3,222.7)	(3,936.1)	(4,197.5)	6.6%	12.8%	1.83x

Similarly, the *Balance Sheet* intensified its growth in the last season, which represents the largest absolute increase recorded in a single year in the First Division in the entire series due to the strong investment intensity previously explained, which is being financed both from accumulated reserves, thanks to the group's sustained profits in recent years, and by recourse to debt.

Summary Balance Sheet	2016-17	2017-18	2018-19	∆ last year	∆ CAGR 5y	Δ abs. 5y
ASSETS						
NON-CURRENT ASSETS	3,295.4	3,789.1	4,197.5	10.8%	10.4%	1.64x
Operating assets	2,871.5	3,284.8	3,610.8	9.9%	12.8%	1.83x
Financial assets	258.1	324.7	426.1	31.2%	2.6%	1.14x
Deferred tax assets	165.9	179.6	160.6	-10.6%	-5.4%	0.76x
CURRENT ASSETS	1,511.1	1,554.1	1,974.2	27.0%	15.4%	2.05x
Operating assets	659.3	671.9	877.9	30.7%	12.1%	1.77x
Financial assets	231.7	277.7	390.1	40.5%	26.7%	3.26x
Cash and cash equivalents	620.2	604.5	706.2	16.8%	15.2%	2.03x
TOTAL ASSETS	4,806.5	5,343.2	6,171.7	15.5%	11.8%	1.75x
LIABILITIES AND EQUITY						
NET EQUITY	1,193.8	1,359.0	1,596.6	17.5%	19.5%	2.43x
NON-CURRENT LIABILITIES	1,163.8	1,469.5	1,925.2	31.0%	13.0%	1.84x
Operating liabilities	83.4	173.4	235.1	35.6%	22.7%	2.78x
Financial liabilities	995.5	1,228.8	1,632.5	32.8%	13.0%	1.84x
Deferred tax liabilities	84.9	67.3	57.6	-14.4%	-4.8%	0.78x
CURRENT LIABILITIES	2,448.9	2,514.8	2,649.9	5.4%	7.7%	1.45x
Operating liabilities	1,851.5	2,008.2	2,100.6	4.6%	11.3%	1.71x
Financial liabilities	597.4	506.6	549.4	8.4%	-1.7%	0.92x



Finally, at a cash flow level, it can be seen how the bulk of *FCF* use experienced by *LaLiga*, as previously analysed, comes from the First Division due to the net investment rebound in *CAPEX*, which is concentrated in *LaLiga Santander*. This is despite the fact that the grouping more than doubled its performance or *FGO* – the best expression of the translation of accounting *EBITDA b/T* in effective cash – thanks to the sustainable increase in operating expenses during the year and the general improvement in the activity's economic efficiency.

Table 16 LaLiga Santander – Summary Cash Flow			
Summary Cash Flow (indirect method)	2016-17	2017-18	2018-19
A. Net Result for the year (NR)	167.9	169.3	230.8
B. Adjust. (non cash and finan. P&L head.) to Net Result	253.2	33.4	187.7
A. + B. Gross cash flow from operations (FGO)	421.1	202.7	418.5
Net investment in working capital (WK)	410.4	109.8	(109.4)
A. + B. + C. Net cash flow from operations (OCF)	831.6	312.5	309.1
D1. Net investment in recurring operating capacity (CAPEX)	(439.7)	(382.2)	(281.4)
+/- Net recurring investment in players	(260.9)	(194.4)	(164.0)
+/- Net non-recurr. invest. in infra. and other op. assets	(178.7)	(187.7)	(117.4)
A. + B. + C. + D1. Recurring free cash flow (RFCF)	391.9	(69.6)	27.7
D2. Net Invest. in non-recurring operating capacity (CAPEX)	(304.2)	36.6	(281.3)
+/- Net non-recurring investment in players	(129.0)	69.5	(166.0)
+/- Net non-recurring invest. in infra. and other op. assets	(175.2)	(32.8)	(115.3)
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	87.8	(33.0)	(253.5)
+/- Net financial expenses	(47.5)	(70.1)	(63.2)
+/- Variation in financial debt (with financial entities)	112.5	(22.1)	59.9
+/- Variation in financial debt (not with financial entities)	110.9	110.9	481.5
+/- Variation in other ST or LT fin. assets and liabilities	(40.0)	(43.9)	(128.9)
A. + B. + C. + D. + E. Equity cash flow (ECF)	223.7	(58.3)	95.9
F. Share capital incr. (vs. decr. or dividend distribution)	2.2	53.3	9.0
A. + B. + C. + D. + E. + F. Net change in annual cash	226.0	(5.0)	104.9

Cash and cash equivalents, opening balance	394.3	609.5	601.3
Cash and cash equivalents, closing balance	620.2	604.5	706.2

(*) Cash balances at the end of period n-1 do not coincide with those at the beginning of period n due to the change in the perimeter of clubs caused by the dynamics of promotions/relegations in professional football

Once again, this positive evolution in results and growth rates during the season is a pattern common to most clubs that make up the *LaLiga Santander* grouping. In this sense, it should be noted that 100% of the teams that make up Spanish professional football's First Division made a profit in the 18-19 season, a feature that is not met by any other of the international benchmark competitions.

Table 17	e 17 LaLiga Santander – Distribution of results and growth of clubs						
LaLiga Santaı	nder (total = 20 clubs)						
Absolute figu	res	No.	%				
EBITDA b/T >0		17	85.0%				
Result of trans	sfers >0	19	95.0%				
EBITDA a/T >0		20	100.0%				
EBIT >0		20	100.0%				
Net Result (NR	?) >0	20	100.0%				
Free Cash Flo	w (FCF) >0	7	35.0%				
Economic Val	ue Added (EVA) >0	16	80.0%				
Annual growt	h	No.	%				
∆ Net Turnove	r (NT)	17	85.0%				
∆ EBITDA b/t		13	65.0%				
∆ Result of tro	Insfers	12	60.0%				
∆ EBITDA a/t		13	65.0%				
Δ EBIT		14	70.0%				
Δ Net Result (NR)	14	70.0%				
∆ Free Cash F	low (FCF)	7	35.0%				
Δ Economic V	alue Added (EVA)	12	60.0%				
∆ Gross Finan	cial Debt (GFD)	6	30.0%				



Netted LaLiga Santander (18 clubs)

Netted LaLiga Santander is the grouping of all First Division teams excluding the two largest. The performance of this grouping, with respect to **LaLiga Santander**, is very similar to that seen for **Netted LaLiga** with respect to **LaLiga**. The fundamental conclusions from the analysis of the former can therefore be extrapolated to this grouping.

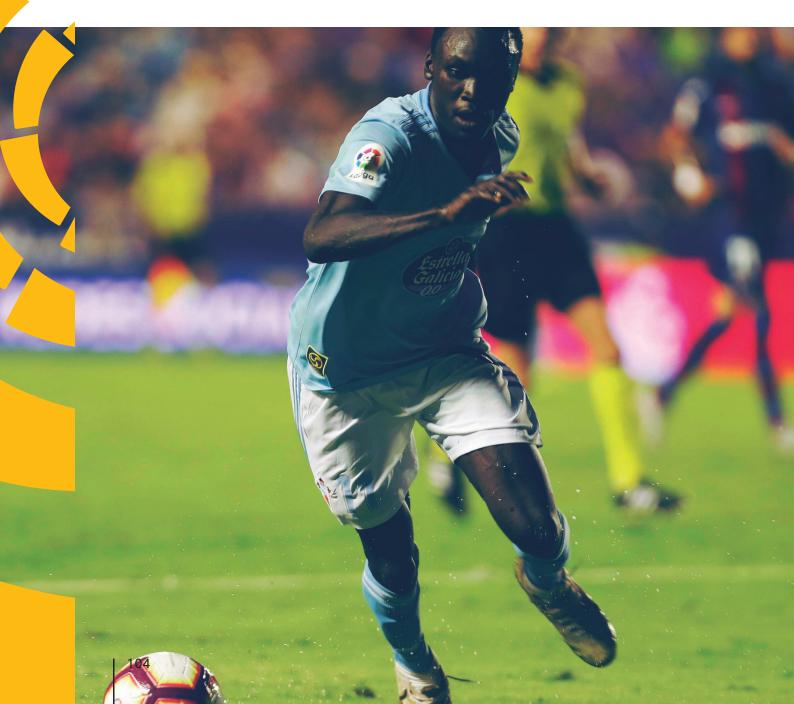




Table 18 Netted LaLiga Santander – Summary P&L							
Summary Inco	ome Statement	2016-17	2017-18	2018-19	∆ last year	Δ CAGR 5y	Δ abs. 5y
Audiovisual / I	broadcasting income	994.8	1,066.9	1,134.0	6.3%	17.9%	2.28x
Matchday inco	ome	304.8	289.5	362.4	25.2%	9.9%	1.61x
Commercial ir	ncome	195.8	270.9	243.4	-10.1%	14.6%	1.97x
NT (net turnov	ver)	1,495.3	1,627.3	1,739.9	6.9%	15.5%	2.06x
Other operati	ng income	59.8	61.3	84.9	38.6%	13.8%	1.91x
Operating Inc	ome	1,555.1	1,688.5	1,824.8	8.1%	15.4%	2.05x
Procurements		(49.2)	(83.9)	(69.0)	-17.7%	18.5%	2.34x
Non-sports pe	ersonnel wages	(101.1)	(115.9)	(110.9)	-4.3%	13.3%	1.86x
Sports staff w	ages	(805.0)	(946.4)	(1,034.9)	9.4%	13.8%	1.91x
Other operati	ng expenses	(327.6)	(371.6)	(371.8)	0.0%	14.4%	1.96x
OPEX (operat	ing expenses)	(1,282.9)	(1,517.8)	(1,586.6)	4.5%	14.1%	1.93x
EBITDA before	e transfers of players	272.2	170.8	238.2	39.5%	27.9%	3.42x
Sale price for	transfer of players	342.4	553.5	601.9	8.8%	18.6%	2.34x
Sale cost for t	ransfer of players	(104.9)	(128.6)	(121.1)	-5.8%	5.5%	1.31x
Result for the	transfer of players	237.5	424.9	480.8	13.2%	23.9%	2.92x
EBITDA after t	ransfers of players	509.7	595.7	719.0	20.7%	25.2%	3.07x
Deprec., prov, ir	mpairment and other res.	(291.0)	(373.3)	(414.4)	11.0%	36.0%	4.65x
EBIT (operatir	ng result)	218.7	222.3	304.6	37.0%	16.0%	2.10x
Net financial r	result	(46.6)	(56.4)	(48.4)	-14.3%	3.8%	1.20x
RBT (result be	fore tax)	172.2	165.9	256.2	54.4%	19.6%	2.45x
Taxes on profi	ts	(43.7)	(40.7)	(68.3)	67.9%	59.8%	10.43x
NR (net profit	for the year)	128.4	125.2	187.9	50.1%	13.9%	1.91x

Total Income (TI)	1,943.5	2,319.9	2,470.7	6.5%	14.0%	1.93x
Total Expenses (TE)	(1,815.1)	(2,194.7)	(2,282.8)	4.0%	14.1%	1.93x

Table 19 Netted LaLiga Santander – Summary Balance Sheet							
Summary Balance Sheet	2016-17	2017-18	2018-19	∆ last year	Δ CAGR 5y	Δ abs. 5y	
ASSETS	·						
NON-CURRENT ASSETS	1,987.7	2,274.2	2,515.4	10.6%	10.8%	1.67x	
Operating assets	1,748.8	1,975.7	2,172.4	10.0%	16.3%	2.12x	
Financial assets	105.1	152.7	223.8	46.5%	-6.2%	0.72x	
Deferred tax assets	133.8	145.8	119.2	-18.2%	-7.6%	0.67x	
CURRENT ASSETS	984.0	963.8	1,158.9	20.3%	16.2%	2.12x	
Operating assets	404.9	314.6	457.9	45.5%	9.3%	1.56x	
Financial assets	229.7	275.0	308.9	12.3%	20.9%	2.58x	
Cash and cash equivalents	349.4	374.1	392.2	4.8%	23.9%	2.93x	
TOTAL ASSETS	2,971.6	3,238.0	3,674.3	13.5%	12.3%	1.79x	
LIABILITIES AND EQUITY							
NET EQUITY	615.0	736.3	931.2	26.5%	31.9%	3.99x	
NON-CURRENT LIABILITIES	944.7	1,130.4	1,253.1	10.9%	11.0%	1.68x	
Operating liabilities	66.3	133.2	204.6	53.6%	33.4%	4.22x	
Financial liabilities	808.5	946.7	1,010.9	6.8%	9.5%	1.57x	
Deferred tax liabilities	70.0	50.4	37.6	-25.4%	-6.7%	0.71x	
CURRENT LIABILITIES	1,412.0	1,371.3	1,490.0	8.7%	6.7%	1.38x	
Operating liabilities	915.1	981.4	1,060.8	8.1%	10.7%	1.66x	
Financial liabilities	496.9	389.9	429.2	10.1%	-0.4%	0.98x	
TOTAL EQUITY AND LIABILITIES	2,971.6	3,238.0	3,674.3	13.5%	12.3%	1.79x	



Table 20

Netted LaLiga Santander – Summary Cash Flow

Summary Cash Flow (indirect method)	2016-17	2017-18	2018-19
A. Net Result for the year (NR)	128.4	125.2	187.9
B. Adjustments (non cash and finan. P&L head.) to Net Result	150.2	29.3	16.0
A. + B. Gross cash flow from operations (FGO)	278.6	154.5	203.8
C. Net investment in working capital (WK)	152.8	111.4	(55.0)
A. + B. + C. Net cash flow from operations (OCF)	431.4	265.9	148.8
D1. Net investment in recurring operating capacity (CAPEX)	(230.0)	(208.4)	(86.6)
+/- Net recurring investment in players	(102.7)	(72.9)	(20.6)
+/- Net recurring investment in other operating assets	(127.3)	(135.5)	(66.0)
A. + B. + C. + D1. Recurring free cash flow (FCFr)	201.4	57.5	62.2
D2. Net Invest. in non-recurring operating capacity (CAPEX)	(194.4)	25.5	(135.4)
+/- Net non-recurring investment in players	(40.9)	58.4	(65.2)
+/- Net non-recurring invest. in in infra. and other op. assets	(153.5)	(32.9)	(70.2)
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	6.9	82.9	(73.2)
+/- Net financial expenses	(46.6)	(56.4)	(48.4)
+/- Variation in financial debt (with financial entities)	105.3	(37.1)	63.0
+/- Variation in financial debt (not with financial entities)	138.5	32.9	138.9
+/- Variation in other ST or LT fin. assets and liabilities	(12.6)	(40.2)	(68.1)
A. + B. + C. + D. + E. Equity cash flow (ECF)	191.5	(17.9)	12.3
F. Share capital incr. (vs. decrease or dividend distribution)	2.2	53.3	9.0
A. + B. + C. + D. + E. + F. Net change in annual cash	193.7	35.4	21.3
Cash and cash equivalents, opening balance	155.7	338.7	370.9
Cash and cash equivalents, closing balance	349.4	374.1	392.2

(*) Cash balances at the end of period n-1 do not coincide with those at the beginning of period n due to the change in the perimeter of clubs caused by the dynamics of promotions/relegations in professional football



utxabank

macron





In the same manner as observed in the previous groupings, this positive evolution of Netted LaLiga Santander is a pattern shared by the majority of First Division clubs, apart from the two largest entities.

Table 21 Netted LaLiga Santander – Dis	stribution of results and grow	rth of clubs
Netted LaLiga Santander (total = 18 clubs)		
Absolute figures	No.	%
EBITDA b/T >0	15	83.3%
Result of transfers >0	17	94.4%
EBITDA a/T >0	18	100.0%
EBIT >0	18	100.0%
Net Result (NR) >0	18	100.0%
Free Cash Flow (FCF) >0	7	38.9%
Economic Value Added (EVA) >0	15	83.3%
Annual growth	No.	%
Δ Net Turnover (NT)	15	83.3%
Δ EBITDA b/t	11	61.1%
Δ Result of transfers	11	61.1%
Δ EBITDA a/t	12	66.7%
ΔEBIT	13	72.2%
Δ Net Result (NR)	13	72.2%
Δ Free Cash Flow (FCF)	6	33.3%
Δ Economic Value Added (EVA)	11	61.1%
Δ Gross Financial Debt (GFD)	6	33.3%

Table 22

Netted LaLiga Santander vs. LaLiga Santander – Main indices, ratios and metrics

		LaLiga S	antander		Netted LaLiga Santander					
Comparative analysis	2017-18	2018-19	Δ% annual	CAGR 5y	2017-18	2018-19	Δ% annual	CAGR 5y		
INCOME										
Total Income -TI- (€m)	4,105	4,428	7.9%	12.4%	2,319	2,470	6.5%	14.0%		
Net Turnover -NT- (€m)	3,054	3,331	9.1%	12.7%	1,627	1,739	6.9%	15.5%		
Breakdown of Total Income										
Broadcasting (%)	34.9%	34.0%			46.0%	45.9%				
Marketing (%)	19.3%	18.3%			7.0%	5.0%				
Advertising (%)	2.6%	2.7%			4.6%	4.8%				
Matchday (%)	17.6%	20.2%			12.5%	14.7%				
Sale Price of Transfers (%)	21.7%	21.0%			23.9%	24.4%				
Other Income (%)	3.9%	3.7%			6.0%	5.2%				
RESULTS					1					
EBITDA b/T (€m)	225	429	90.2%	7.7%	170	238	39.5%	27.9%		
Results from Transfers (€m)	686	680	-0.9%	23.4%	424	480	13.2%	23.9%		
EBITDA a/T (€m)	912	1,109	21.6%	15.7%	595	719	20.7%	25.2%		
EBIT (€m)	299	376	25.8%	7.6%	222	304	37.0%	16.0%		
RBT (€m)	229	313	36.8%	8.6%	165	256	54.4%	19.6%		
Net Result -NR- (€m)	169	230	36.3%	5.4%	125	187	50.1%	13.9%		
MARGIN (OVER NT)										
EBITDA b/T (%)	7.4%	12.9%			10.5%	13.7%				
Results from Transfers (%)	22.5%	20.4%			26.1%	27.6%				
EBITDA a/T (%)	29.9%	33.3%			36.6%	41.3%				
EBIT (%)	9.8%	11.3%			13.7%	17.5%				
RBT (%)	7.5%	9.4%			10.2%	14.7%				
Net Results -NR- (%)	5.5%	6.9%			7.7%	10.8%				
CASH FLOW FROM OPERATIO	NS									
FGO (€m)	202	418			154	203				
+/- WK(€m)	109	(109)			111	(55)				
OCF (€m)	312	309			265	148				
+/- CAPEX (€m)	(345)	(562)			(183)	(222)				
FCF (€m)	(33)	(253)			82	(73)				



Table 22

Netted LaLiga Santander vs. LaLiga Santander – Main indices, ratios and metrics

		LaLiga S	antander		Net	ted LaLig	ga Santar	nder
Comparative analysis	2017- 18	2018- 19	Δ% annual	CAGR 5y	2017- 18	2018- 19	Δ% annual	CAGR 5y
OPERATING EFFICIENCY AND PRO	FITABILI		ES					
Wage Costs (€m)	2,054	2,116	3.0%	13.4%	1,062	1,145	7.9%	13.7%
Wage Costs/TI (%)	50.0%	47.8%			45.8%	46.4%		
OPEX (€m)	2,902	3,003	3.5%	13.0%	1,517	1,586	4.5%	14.1%
OPEX / Total Income	0.71x	0.68x			0.65x	0.64x		
NOA (€m) -capital employed-	1,887	2,256	19.5%	11.7%	1,271	1,446	13.8%	14.0%
NOA/Total Income (x)	0.46x	0.51x			0.55x	0.59x		
CAPEX Net (€m)	345	562	62.8%	37.1%	183	222	21.4%	-
CAPEX/Total Income (x)	0.08x	0.13x			0.08x	0.09x		
ROIC (%)	12.6%	13.6%			12.6%	15.7%		
FINANCIAL SOUNDNESS								
Net Equity (€m)	1,359	1,596	17.5%	19.5%	736	931	26.5%	31.9%
Apparent GFD (€m)	1,642	2,091	27.4%	7.9%	1,283	1,394	8.6%	5.6%
Apparent NFD (€m)	935	1,273	36.1%	5.6%	810	892	10.1%	1.9%
GFD / EBITDA a/t (x)	1.9x	2.1x			2.3x	2.1x		
NFD / EBITDA a/t (x)	1.2x	1.3x			1.5x	1.4x		
Interest coverage index (x)	16.0x	17.1x			12.0x	14.1x		
Average annual cost of debt (kd)	3.3%	3.2%			3.7%	3.6%		
Equity ratio (%)	25.4%	25.9%			22.7%	25.3%		
VALUE CREATION	1			1				1
ROIC vs. WACC (diff. p.p.)	7.8%	9.5%			7.7%	11.4%		
Value creation EVA €m	139	196	40.9%	12.8%	102	165	61.3%	24.9%
RELATIVE WEIGHT (of Netted LaL	iga over	LaLiga)						
Total Income -TI-	-	-			56.5%	55.8%		
Net Turnover -NT-	-	-			53.3%	52.2%		
EBITDA b/T	-	-			75.6%	55.5%		
Results from Transfers	-	-			61.9%	70.7%		
EBITDA a/T	-	-			65.3%	64.8%		
EBIT	-	-			74.3%	80.9%		
RBT	-	-			72.4%	81.8%		
Net Result -NR-	-	-			73.9%	81.4%		
GFD	-	-			78.2%	66.6%		
NFD	-	-			86.6%	70.1%		
NOA	-	-			67.3%	64.1%		
Net Equity	-	-			54.2%	58.3%		
FGO	-	-			76.2%	48.7%		
₩К	-	-			101.4%	50.3%		
OCF	-	-			85.1%	48.2%		
CAPEX	-	-			53.0%	39.5%		
FCF	-	-			-	28.9%		
EVA					73.8%	84.5%		

LaLiga SmartBank (22 clubs)

Finally, the financial evolution of LaLiga Second Division A is analysed.

Without a doubt, one of the greatest achievements of Spanish professional football in recent years was to consolidate a more balanced distribution of the business, not only between First Division clubs, but especially with regard to Second Division A . At the end of the 18-19 season, *LaLiga SmartBank* is a markedly larger, more efficient and profitable grouping, and more self-sustaining and financially viable than it was six seasons ago, even taking into account a certain specific adjustment observed during the last year.

Income (*Net Turnover -NT-* and *Total Income -TI-*) of *LaLiga SmartBank* are those with the highest growth rates of all groupings analysed, both in the last year and throughout the series analysed ($CAGR_{5v}$).

The results have also shown a significant improvement over time, although in the 18-19 season they have been diminished due to the occurrence of two events:

- Year-on-year increase in operating expenses (*OPEX*) above *NT*
- Significant increase in depreciation of assets, which underlies the notable effort made in net operating investment (CAPEX) in the last two seasons

Resulting from this, the *Net Result (NR)* of *LaLiga SmartBank* in the 18-19 season ended up recording a loss, although it is true this was reasonably small and for the first time in the series analysed the last 6 years.

On the other hand, given its still small size compared to the First Division, the financial appearance of this grouping is very sensitive to changes in the scope of clubs resulting from the promotion/relegation dynamics between seasons. Depending on which clubs enter and exit the grouping, the YoY fluctuations can be quite significant.



Table 23

LaLiga SmartBank – Summary P&L

Summary Income Statement	2016-17	2017-18	2018-19	Δ last year	Δ CAGR 5y	Δ abs. 5y
Audiovisual / broadcasting income	135.3	135.4	159.1	17.5%	21.5%	2.65x
Matchday income	30.4	40.0	52.2	30.4%	10.1%	1.62x
Commercial income	31.3	33.6	54.5	62.4%	20.3%	2.51x
NT (net turnover)	197.0	209.0	265.8	27.2%	18.4%	2.33x
Other operating income	48.2	51.2	72.7	42.0%	26.5%	3.24x
Operating Income	245.2	260.2	338.5	30.1%	19.9%	2.48x
Procurements	(9.4)	(8.6)	(13.4)	54.9%	18.2%	2.30x
Non-sports personnel wages	(27.6)	(31.7)	(44.4)	40.0%	22.2%	2.73x
Sports staff wages	(136.2)	(141.6)	(187.3)	32.3%	16.6%	2.15x
Other operating expenses	(80.2)	(83.9)	(122.1)	45.6%	19.6%	2.44x
OPEX (operating expenses)	(253.4)	(265.9)	(367.2)	38.1%	18.2%	2.31x
EBITDA before transfers of players	(8.2)	(5.7)	(28.7)	406.1%	4.9%	1.27x
Sale price for transfer of players	39.2	49.8	75.2	51.1%	20.6%	2.55x
Sale cost for transfer of players	(5.7)	(7.4)	(22.6)	205.7%	24.0%	2.93x
Result for transfer of players	33.5	42.4	52.7	24.2%	19.3%	2.41x
EBITDA after transfers of players	25.3	36.7	23.9	-34.8%	-	-
Deprec., prov, impairment and other res.	(11.2)	(11.2)	(22.3)	99.3%	3.9%	1.21x
EBIT (operating result)	14.1	25.5	1.6	-93.7%	-	-
Net financial result	(1.1)	(3.5)	(5.8)	65.6%	-170.7%	-0.18x
RBT (result before tax)	12.9	22.0	(4.2)	-119.0%	-179.2%	-0.31x
Taxes on profits	(3.6)	(3.1)	(1.7)	-44.8%	-28.4%	0.19x
NR (net profit for the year)	9.4	18.9	(5.9)	-131.2%	-206.4%	-1.36x

Total Income (TI)	318.2	328.4	443.1	34.9%	15.6%	2.06x
Total Expenses (TE)	(308.8)	(309.4)	(449.0)	45.1%	16.3%	2.13x

The *Balance Sheet* of *LaLiga SmartBank* increased considerably during the last season, although in annual average terms during the series ($CAGR_{5\gamma}$) the growth has been the most tempered of all the groupings. In fact, contrary to the classifications that make up First Division clubs, the level of financial debt in *LaLiga SmartBank* continues to decrease steadily, both in absolute and relative terms, compared to the beginning of the series.

Summary Balance Sheet	2016-17	2017-18	2018-19	∆ last year	∆ CAGR 5y	Δ abs. 5y
ASSETS						
NON-CURRENT ASSETS	429.9	408.6	497.2	21.7%	6.2%	1.35x
Operating assets	287.3	295	414.9	40.6%	10.3%	1.63x
Financial assets	65.2	60.2	28.7	-52.2%	-8.5%	0.64x
Deferred tax assets	77.4	53.4	53.6	0.5%	-5.2%	0.76x
CURRENT ASSETS	126.6	124.5	159.5	28.2%	19.6%	2.44x
Operating assets	68.6	67.3	78.6	16.9%	13.0%	1.84x
Financial assets	18.0	14.1	26.7	89.4%	23.2%	2.83x
Cash and cash equivalents	40.0	43.1	54.2	25.7%	32.6%	4.09x
TOTAL ASSETS	556.5	533.0	656.8	23.2%	8.6%	1.51x
LIABILITIES AND EQUITY						
NET EQUITY	60.7	137.3	131.9	-3.9%	-	-1.14x
NON-CURRENT LIABILITIES	288.0	234.1	288.3	23.2%	-4.9%	0.78x
Operating liabilities	48.0	45.8	9.4	-79.4%	8.3%	1.49x
Financial liabilities	210.3	147.6	220.1	49.1%	-6.5%	0.71x
Deferred tax liabilities	29.7	40.6	58.8	44.7%	1.2%	1.06x
CURRENT LIABILITIES	207.8	161.7	236.6	46.3%	5.8%	1.32x
Operating liabilities	154.7	126.6	184.5	45.8%	4.7%	1.26x
Financial liabilities	53.1	35.1	52.1	48.3%	10.3%	1.64x



Finally, a very relevant element to highlight is *LaLiga SmartBank's* track record in terms of its ability to generate surplus cash flow. The cash flow analysis is what makes it possible to show the generation of a positive economic performance and that this grouping is financially self-sustaining.

In each year of the series, the cash flow of the activity after investments in working capital (*WK*) and in fixed operating capital (*CAPEX*), known as the business's Free Cash Flow (*FCF*), has been positive for *LaLiga SmartBank*. With a charge to this surplus from its

Table 25	LaLiga SmartBank – Summary Cash Flow			
Summary Cas	h Flow (indirect method)	2016-17	2017-18	2018-19
A. Net Result f	or the year (NR)	9.4	18.9	(5.9)
B. Adjust. (non	cash and finan. P&L head.) to Net Result	(3.9)	(38.5)	(20.1)
A. + B. Gross c	ash flow from operations (FGO)	5.5	(19.6)	(26.0)
Net investmen	t in working capital (WK)	30.0	11.4	23.6
A. + B. + C. Ne	t cash flow from operations (OCF)	35.5	(8.2)	(2.4)
D1. Net investr	ment in recurring operating capacity (CAPEX)	10.1	19.9	18.5
+/- Net recurr	ing investment in players	20.1	23.0	26.3
+/- Net recurr	ing investment in other operating assets	(10.0)	(3.2)	(7.9)
A. + B. + C. + D	01. Recurring free cash flow (FCFr)	45.6	11.7	16.1
D2. Net Invest.	in non-recurring operating capacity (CAPEX)	(9.3)	11.3	7.7
+/- Net non-re	ecurring investment in players	10.1	12.6	10.2
+/- Net non-re	curring invest. in infra. and other op. assets	(19.4)	(1.3)	(2.6)
A. + B. + C. + D	01. + D2. Total free cash flow (FCFt)	36.3	22.9	23.7
+/- Net financ	ial expenses	(1.1)	(3.5)	(5.8)
+/- Variation i	in financial debt (with financial entities)	(10.0)	(0.5)	(0.9)
+/- Variation i	in financial debt (not with financial entities)	(29.9)	(32.2)	(42.9)
+/- Variation i	n other ST or LT fin. assets and liabilities	3.0	2.8	3.8
A. + B. + C. + D). + E. Equity cash flow (ECF)	(1.8)	(10.5)	(22.0)
F. Share capito	al incr. (vs. decrease or dividend distribution)	25.7	9.4	25.2
A. + B. + C. + D). + E. + F. Net change in annual cash	23.9	(1.0)	3.2
Cash and cash	n equivalents, opening balance	16.1	44.2	51.1
Cash and cash	n equivalents, closing balance	40.0	43.1	54.2

(*) Cash balances at the end of period n-1 do not coincide with those at the beginning of period n due to the change in the perimeter of clubs caused by the dynamics of promotions/relegations in professional football



operations, the grouping has financially deleveraged the activity and accumulated cash surpluses, the balance of *Cash* and *Cash Equivalents* (available liquidity), that are more than four times greater than six years ago.

Finally, as in the other groupings analysed, the performance of the clubs that make up the Second Division A of Spanish professional football can be observed. In this case, the distribution of results and growth is not so favourable, but even so, most of *LaLiga SmartBank* makes profits at different levels and approximately 50% managed to improve their main figures in the 18-19 season compared to the previous year, experiencing positive YoY growth rates for these.

Table 26 LaLiga SmartBank – Distributi	on of results and growth of c	lubs
LaLiga SmartBank (total = 22 clubs)		
Absolute figures	No.	%
EBITDA b/T >0	10	45.5%
Result of transfers >0	19	86.4%
EBITDA a/T >0	17	77.3%
EBIT >0	15	68.2%
Net Result (NR) >0	14	63.6%
Free Cash Flow (FCF) >0	13	59.1%
Economic Value Added (EVA) >0	3	13.6%
Annual growth	No.	%
Δ Net Turnover (NT)	11	50.0%
Δ EBITDA b/t	9	40.9%
Δ Result of transfers	9	40.9%
Δ EBITDA a/t	11	50.0%
Δ EBIT	10	45.5%
Δ Net Result (NR)	10	45.5%
Δ Free Cash Flow (FCF)	12	54.5%
Δ Economic Value Added (EVA)	9	40.9%
Δ Gross Financial Debt (GFD)	12	54.5%

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Annex 1: Detailed financial statements, tables and graphical explanations of the economic groupings of LaLiga ANNEX: DETAILED FINANCIAL STATEMENT (P&L), TABLES AND GRAPHICAL EXPLANATIONS OF THE ECONOMIC GROUPINGS

LaLiga (42 clubs)

LaLiga – Detailed Income Statement

Income Statement	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Broad. income nat. comps. (RDL 5/2015)	787.0	792.5	946.6	1,375.0	1,459.4	1,575.5
Broad. income int. comps. (market pool)	78.5	97.7	109.4	96.4	106.6	81.2
Broad. income from friendlies and others	15.2	12.4	9.6	1.9	2.2	8.4
Broadcasting income	880.7	902.6	1,065.5	1,473.3	1,568.2	1,665.1
Income from official national competitions	179.4	134.8	141.1	153.1	160.7	164.7
Income official int. comps	140.1	162.4	251.6	250.6	215.6	370.6
Income friendlies and other comps.	31.0	69.9	95.9	89.1	89.8	105.1
Income from ticketing and season subcriptions	256.7	247.6	254.3	268.9	296.6	308.2
Matchday income	607.3	614.7	742.9	761.7	762.6	948.6
Income from shop sales	25.7	54.1	56.6	64.6	67.9	134.7
Income from sponsorship	345.1	375.6	435.7	484.1	508.4	525.6
Income from other commercial concepts	2.5	40.2	41.6	42.1	199.5	104.3
Income from the operation of facilities	-	-	-	-	29.1	75.5
Commercial income - Sponsorship & others	373.3	469.9	533.8	590.8	805.0	840.1
Commercial income - Adversting	82.1	83.4	109.7	115.6	127.5	143.8
NT (net turnover)	1,943.4	2,070.7	2,452.0	2,941.4	3,263.3	3,597.5
Other operating income	117.6	138.5	258.1	175.5	125.5	173.5
Operating Income	2,060.9	2,209.2	2,710.0	3,116.8	3,388.8	3,771.1
Procurements	(62.1)	(75.5)	(82.4)	(91.9)	(128.6)	(143.2)
Non-sports personnel wages	(131.1)	(162.4)	(187.7)	(208.3)	(233.2)	(253.0)
LaLiga registrable sports staff	(1,017.3)	(1,070.9)	(1,237.9)	(1,487.4)	(1,802.9)	(1,871.4)
LaLiga non-registrable sports staff	(83.3)	(159.5)	(173.6)	(184.4)	(191.8)	(223.7)
Sports staff wages	(1,100.6)	(1,230.4)	(1,411.5)	(1,671.8)	(1,994.8)	(2,095.1)
Other operating expenses	(493.1)	(487.5)	(543.6)	(697.8)	(812.0)	(879.0)
EBITDA before transfer of players	274.1	253.4	484.9	447.1	220.1	400.8
Sale price for transfer of players	437.3	503.8	434.4	474.6	939.0	1,006.2
Sale cost for transfer of players	(177.6)	(162.4)	(155.7)	(124.5)	(210.0)	(273.3)
Result from transfer of players	259.7	341.4	278.7	350.1	729.0	732.9
EBITDA after transfer of players	533.8	594.8	763.6	797.2	949.1	1,133.7
Depreciation & amortisation	(307.3)	(377.2)	(404.5)	(459.2)	(544.7)	(702.8)
Subsidy allocation	12.0	15.6	17.7	19.2	21.0	21.6
Excess provisions	0.8	1.7	0.6	33.0	9.6	11.9
Gains on fixed assets and exceptional inc.	47.3	11.6	1.2	0.4	3.9	6.3
Losses on fixed assets and exceptional exp.	(61.4)	(37.8)	(12.3)	(30.9)	(2.2)	(7.9)
Gains or losses on disposal of other assets	(14.1)	(26.2)	(11.1)	(30.5)	1.8	(1.7)
Other results	16.1	(15.2)	(96.5)	(68.3)	(112.1)	(84.6)
EBIT (operating result)	241.3	193.6	269.8	291.4	324.7	378.0
Financial income	53.1	94.6	22.8	42.7	10.8	24.5
Financial expenses	(71.1)	(89.0)	(90.2)	(70.9)	(79.5)	(93.2)
Impairment and results from financial instr.	(2.1)	(1.8)	(0.8)	(20.4)	(4.9)	(0.2)
FR (financial result)	(20.1)	3.8	(68.2)	(48.7)	(73.6)	(68.9)
RBT (result before tax)	221.2	197.4	201.6	242.7	251.0	309.1
Taxes on profits	(39.1)	(39.2)	(35.0)	(65.4)	(62.8)	(84.2)
		4 7 9 9	4///	1777	100 0	224.9
NR (net profit for the year)	182.1	158.2	166.6	177.3	188.2	224.7
NR (net profit for the year) Total Income (TI)	182.1	158.2		3,708.7		4,871.4

Balance Sheet	2013-	2014-	2015-	2016-	2017-	2018-
NON CURRENT ACCESS	14	15	16	17	18	19
NON-CURRENT ASSETS	2,933.0	3,228.9	3,133.4	3,725.2	4,197.7	4,694 .
Intangible assets	1,012.4	1,297.2	1,424.7	1,673.0	1,979.4	2,268.
Sports intangible assets	779.7	942.8	1,097.0	1,301.6 371.4	1,628.1 351.3	1,897.
Non-sports intangible assets	232.7	354.3	327.7	1,438.0		371.6
Property, plant and equipment	1,159.4	1,107.0	1,202.7		1,550.8	1,710.
Investment property	60.1	44.9	40.4	47.8	49.6	46.2
L-T invest. in group comp. and associates	46.3	63.7	57.1	59.3	76.4	80.8
Long-term financial investments	357.7	387.4	121.2	155.3	198.3	303.9
Non-current prepayments and accrued income	15.1	43.4	21.1	108.7	110.2	70.1
Deferred tax assets	282.0	285.3	266.2	243.2	232.9	214.2
CURRENT ASSETS	1,028.1	948.0	1,297.5	1,637.7	1,678.6	2,133.
Non-current assets held for sale	4.9	9.3	155.2	166.1	175.7	279.8
Inventories	10.3	11.4	13.1	35.1	15.4	22.4
Trade debtors and other accounts receivable	513.0	536.8	606.5	666.9	700.5	895.5
S-T invest. in group comp. and associates	17.3	2.7	6.2	9.3	16.3	19.4
Short-term financial investments	106.9	31.3	88.9	74.3	99.8	117.6
Current prepayments and accrued income	15.2	17.7	14.5	25.8	23.2	38.6
Cash and cash equivalents	360.7	338.8	413.2	660.2	647.7	760.5
TOTAL ASSETS	3,961.2	4,176.9	4,430.9	5,363.0	5,876.3	6,828.
NET EQUITY	541.1	710.9	1,050.1	1,254.4	1,496.3	1,728.
Own resources	369.6	489.7	860.5	1,020.2	1,285.5	1,511.
Adjustments for changes in value	(12.0)	(6.5)	(7.1)	(12.0)	(6.8)	(7.2)
Subsidies and donations received	183.5	227.7	196.7	246.2	217.5	224.2
Subsidies and donations received	105.5	227.7	170.7	240.2	217.5	224.2
NON-CURRENT LIABILITIES	1,415.6	1,608.9	1,378.5	1,451.9	1,703.6	2,213.
Long-term provisions	90.9	121.7	157.3	131.4	219.2	244.5
Non-current payables	1,106.7	1,219.0	972.0	984.7	1,143.5	1,632.
L-T debts with group comp. and associates	34.0	78.2	99.7	177.0	139.2	127.9
Deferred tax liabilities	129.4	122.4	103.8	114.6	108.0	116.4
Non-current accruals and deferred income	54.6	67.7	45.8	44.1	93.7	92.0
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CURRENT LIABILITIES	2,004.5	1,857.1	2,002.2	2,656.7	2,676.5	2,886.
Short-term provisions	11.4	8.4	45.2	45.5	31.3	43.0
Current payables	627.8	456.7	539.0	639.8	538.8	586.7
S-T debts with group comp. and associates	2.0	6.6	14.7	10.7	2.8	14.7
Trade creditors and other acc. payable	1,138.1	1,166.4	1,218.4	1,478.2	1,590.6	1,643.
Current accruals and deferred income	225.2	219.0	185.0	482.5	512.9	598.4
TOTAL EQUITY AND LIABILITIES	3,961.2	4,176.9	4,430.9	5,363.0	5,876.3	6,828.

LaLiga – Detailed Cash Flow waterfall

Cash Flow (indirect method)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
A. Net Result for the year (NR)	182.1	158.2	166.6	177.3	188.2	224.9
B. Adjustments to Net Result	95.2	105.6	288.5	249.3	(5.1)	167.6
A. + B. Gross cash flow from operations (FGO)	277.3	263.7	455.1	426.6	183.1	392.5
C. Net investment in operating working capital (WK)	(8.0)	(70.7)	(39.5)	440.5	121.2	(85.8)
A. + B. + C. Net cash flow from operations (OCF)	269.3	193.0	415.5	867.1	304.4	306.7
D1. Net investment in recurring op. capacity (CAPEX)	(119.5)	(261.7)	(310.5)	(429.6)	(362.3)	(262.9)
- Recurring investment in players	(383.1)	(546.8)	(524.6)	(601.8)	(732.4)	(670.4)
+ Recurring divestment in players	356.2	399.9	337.2	361.0	561.0	532.8
- Recurring investment in other operating assets	(105.3)	(148.7)	(145.2)	(203.3)	(196.7)	(140.6)
+ Recurring divestment in other operating assets	12.6	33.8	22.1	14.5	5.8	15.4
A. + B. + C. + D1. Recurring free cash flow (FCFr)	149.7	(68.7)	105.0	437.5	(57.9)	43.8
D2. Net inv. in non-rec. prod. op. capacity (CAPEX)	26.5	(94.2)	(28.3)	(313.5)	47.9	(273.6)
- Non-recurring investment in players	(50.0)	(116.2)	(145.9)	(232.4)	(295.9)	(629.2)
+ Non-recurring divestment in players	81.1	103.9	97.1	113.6	378.0	473.4
- Non-recurring investment in other operating assets	(8.0)	(161.1)	(17.1)	(202.5)	(38.1)	(124.1)
+ Non-recurring divestment in other operating assets	3.4	79.2	37.5	7.9	3.9	6.3
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	176.2	(162.9)	76.7	124.0	(10.0)	(229.8)
- Financial expenses	(71.3)	(89.8)	(90.9)	(91.4)	(84.4)	(93.5)
+/- Variation in financial debt (FS)	(72.4)	(73.6)	25.4	102.5	(22.6)	59.1
+/- Variation in financial debt (non-FS)	(7.9)	89.3	(138.9)	81.1	78.6	438.6
+ Financial income	52.2	94.6	22.8	42.7	10.8	24.5
+/- Var. in other S/T or L/T finan. assets and liabilities	(35.0)	24.7	(28.2)	(15.8)	43.6	(7.4)
+/- Net investment in financial assets	(1.8)	(25.7)	6.6	(21.2)	(84.7)	(117.6)
A. + B. + C. + D. + E. Equity cash flow (ECF)	39.9	(143.5)	(126.5)	222.0	(68.7)	73.9
F. Cash flows from own resources (Equity)	3.1	122.0	199.0	27.9	62.7	34.2
+/- Changes in share cap. and other equity instr.	3.1	47.8	199.0	3.1	65.1	30.6
+ Grants, donations and legacies received	-	74.2	-	24.8	-	10.3
- Dividends paid	-	-	-	-	(2.4)	(6.7)
A. + B. + C. + D. + E. + F. Net change in cash	43.0	(21.4)	72.5	249.9	(6.0)	108.1
Cash and cash equivalents, opening balance	317.7	360.2	340.7	410.3	653.7	652.4
+/- Impact of exchange rates on the cash balance	-	-	-	-	-	-
+/- Net annual change in cash	43.0	(21.4)	72.5	249.9	(6.0)	108.1
Cash and cash equivalents, closing balance	360.7	338.8	413.2	660.2	647.7	760.5

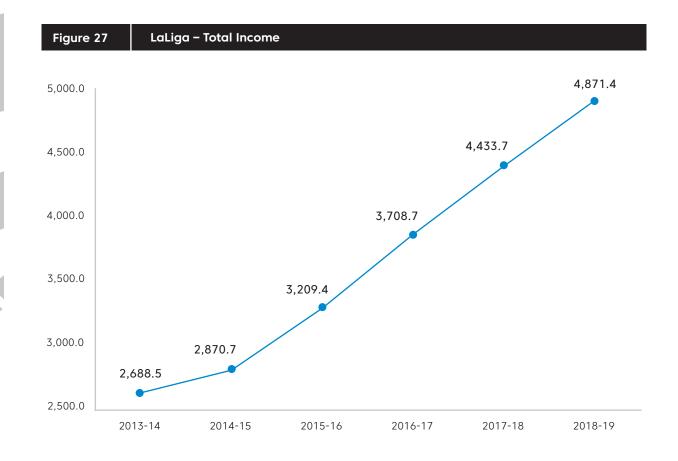






Figure 28 LaLiga – Distribution of Total Income

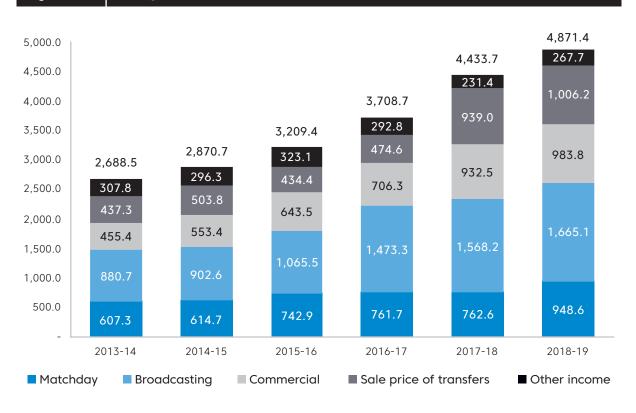


Figure 29

LaLiga – Contribution to Total Income

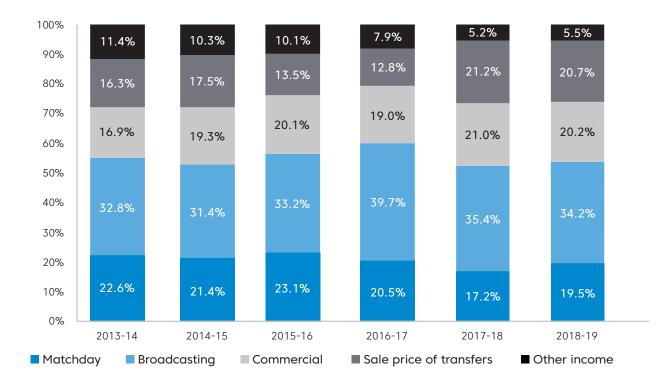


Figure 30

LaLiga – Wage Costs

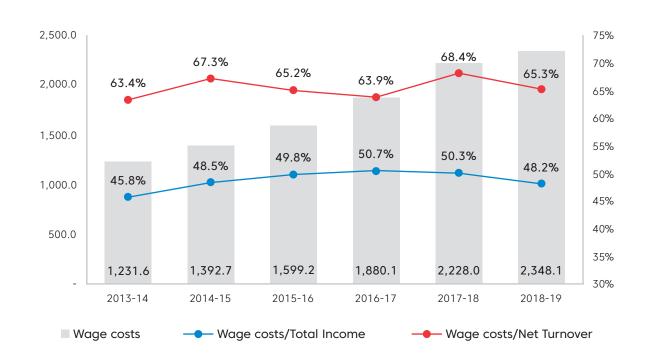


Figure 31

LaLiga – Operating Expenses (OPEX)

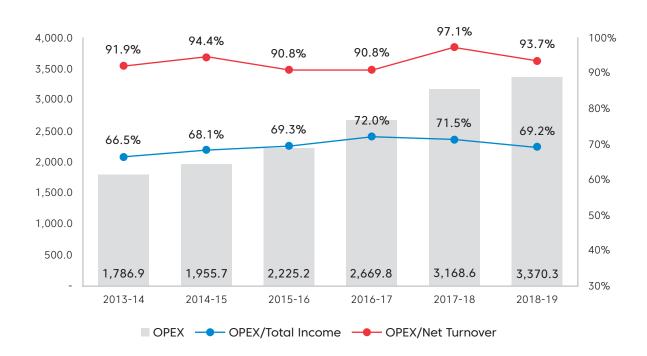
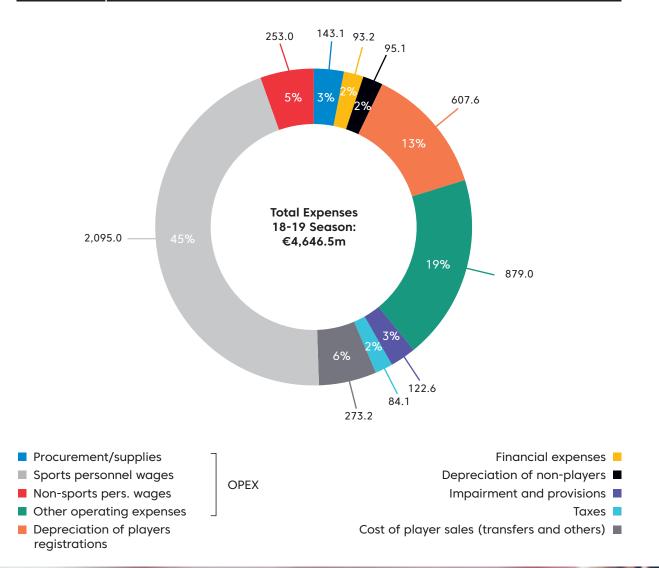




Figure 32 LaLiga – Distribution of Total Expenses







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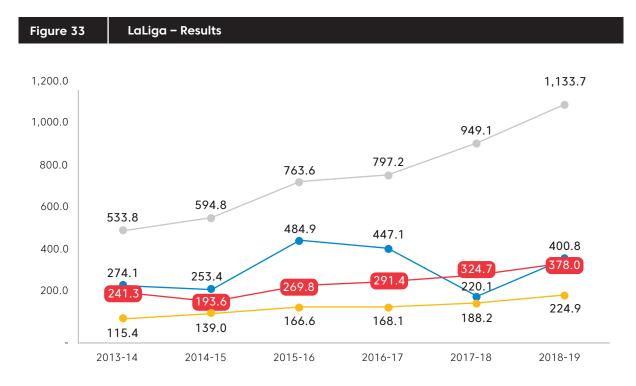
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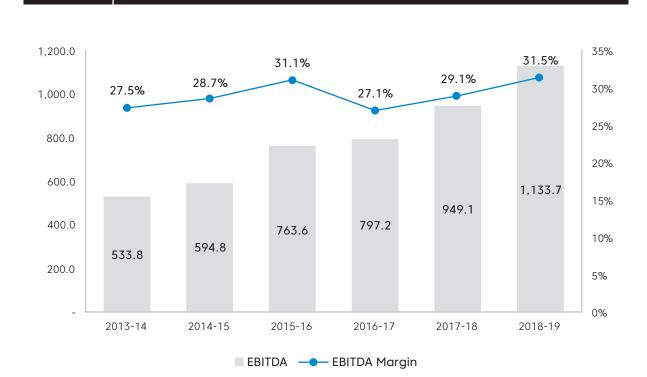
Figure 34

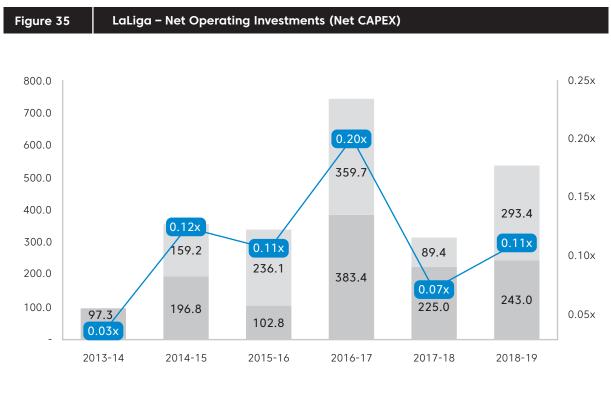




 Adjusted NR (without extraordinary financial revenues arising from bankruptcy procedures or refinancing agreements)

LaLiga – EBITDA margin on Net Turnover

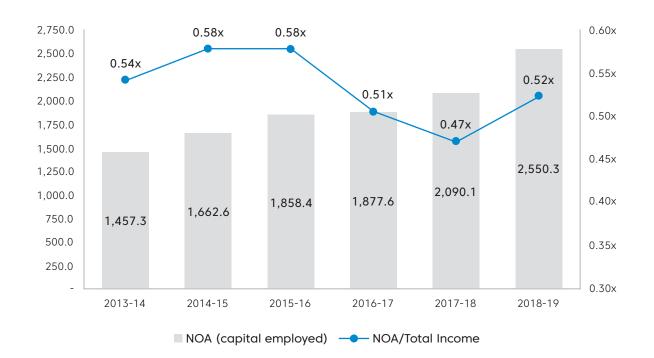




CAPEX infrastructure CAPEX players - net CAPEX/Total Income



LaLiga – Net Operating Assets (NOA) – or capital employed





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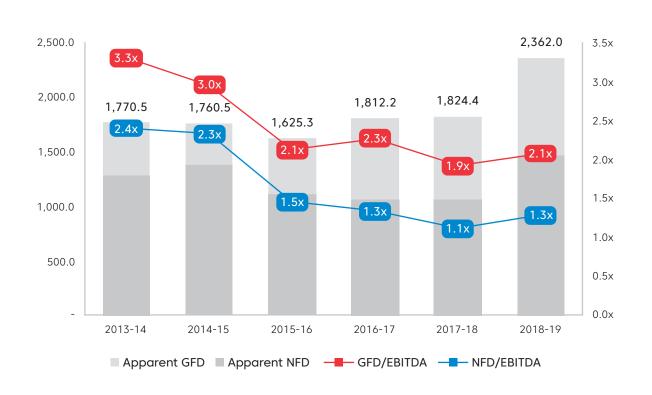
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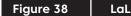
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Figure 37 LaLiga – Financial debt and credit ratios





LaLiga – Adjusted financial debt and credit ratios

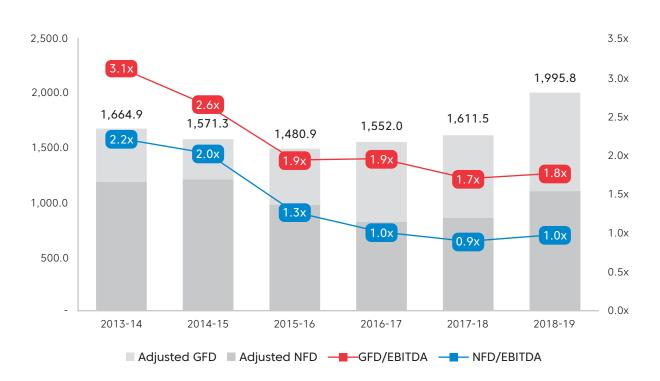
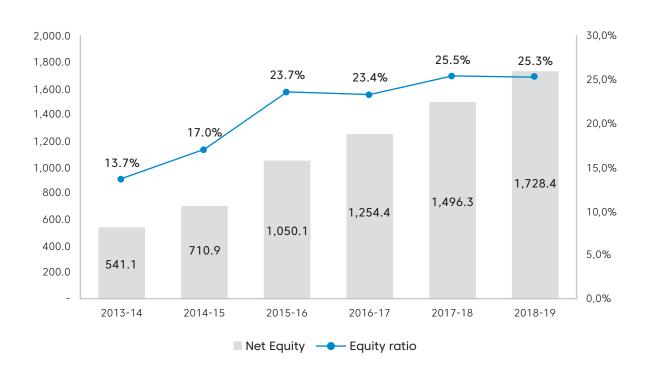
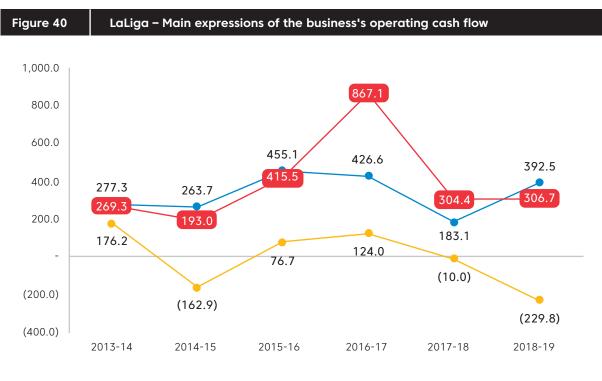


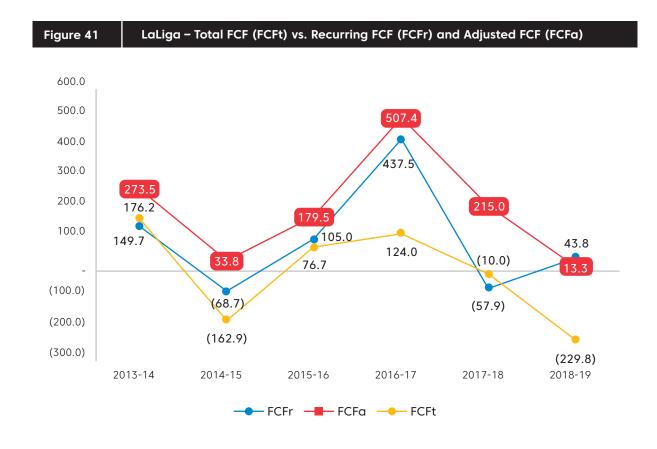


Figure 39 LaLiga – Equity and Equity Ratio





← FGO ← OCF ← FCF





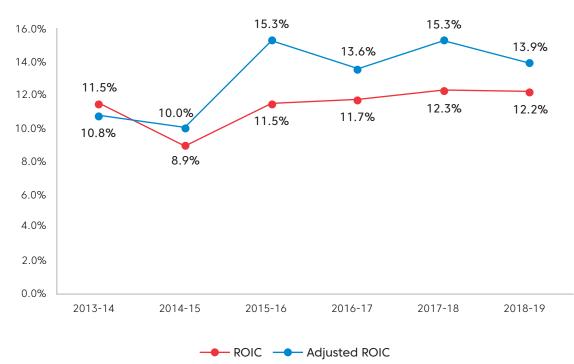
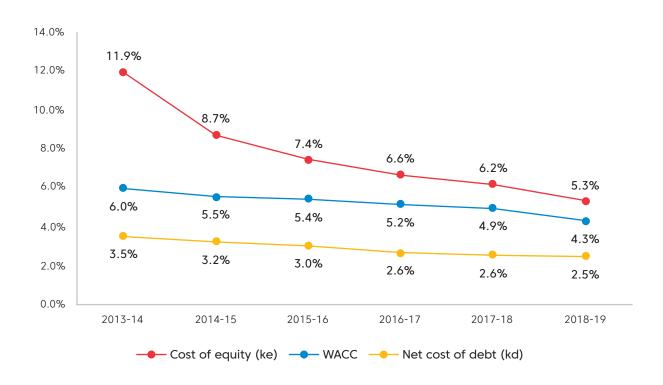


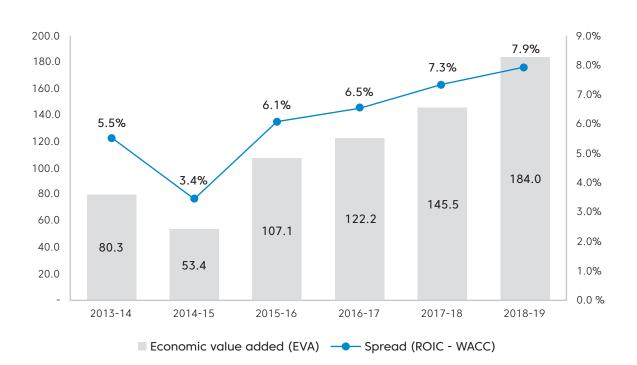


Figure 43 LaLiga – Weighted Average Cost of Capital (WACC)





LaLiga – Value Creation (economic value added: EVA)



ANNEX: DETAILED FINANCIAL STATEMENTS, TABLES AND GRAPHICAL EXPLANATIONS OF THE ECONOMIC GROUPINGS

Netted LaLiga (40 clubs)

Table 30

Netted LaLiga – Detailed Income Statement

Income Statement	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Broad. income nat. comps. (RDL 5/2015)	505.4	516.7	662.5	1,082.9	1,149.0	1,247.2
Broad. income int. comps. (market pool)	36.5	47.4	57.7	47.0	53.1	45.4
Broad. income from friendlies and others	15.2	12.4	9.6	0.1	0.3	0.5
Broadcasting income	557.1	576.6	729.8	1,130.0	1,202.4	1,293.1
Income from official national competitions	42.6	44.4	45.3	44.9	47.7	48.6
Income official int. comps	75.5	56.7	128.4	114.7	83.6	162.9
Income from friendlies and other competitions	6.5	6.4	11.2	7.3	11.4	10.1
Income from ticketing and season subcriptions	133.3	147.4	158.8	168.3	186.7	193.0
Matchday income	257.8	254.9	343.6	335.2	329.5	414.6
Income from shop sales	25.7	30.1	35.5	39.4	41.5	48.1
Income from sponsorship	35.0	42.2	49.0	58.1	76.0	79.2
Income from other commercial concepts	2.5	8.0	11.8	15.9	59.9	26.2
Income from the operation of facilities	-	-	-	-	0.2	0.7
Commercial income - Sponsorship & others	63.2	80.3	96.3	113.4	177.6	154.2
Commercial income - Adversting	81.9	80.0	105.8	113.7	126.8	143.8
NT (net turnover)	960.0	991.7	1,275.5	1,692.3	1,836.3	2,005.7
Other operating income	66.9	79.6	195.0	108.0	112.4	157.6
Operating Income	1,027.0	1,071.3	1,470.5	1,800.3	1,948.7	2,163.3
Procurements	(35.4)	(44.3)	(53.2)	(58.6)	(92.5)	(82.4)
Non-sports personnel wages	(75.8)	(97.7)	(115.8)	(128.7)	(147.6)	(155.3)
LaLiga registrable sports staff	(572.3)	(555.1)	(693.4)	(867.9)	(1,007.0)	(1,120.5
LaLiga non-registrable sports staff	(56.9)	(62.4)	(70.9)	(73.2)	(81.0)	(101.7)
Sports staff wages	(629.2)	(617.5)	(764.3)	(941.2)	(1,088.0)	(1,222.2
Other operating expenses	(239.5)	(257.0)	(306.6)	(407.8)	(455.5)	(493.9)
EBITDA before transfer of players	47.1	54.7	230.5	264.0	165.1	209.4
Sale price for transfer of players	286.5	338.7	353.1	381.6	603.2	677.2
Sale cost for transfer of players	(100.3)	(98.1)	(125.4)	(110.6)	(135.9)	(143.7)
Result from transfer of players	186.2	240.6	227.8	271.0	467.3	533.5
EBITDA after transfer of players	233.3	295.3	458.3	535.0	632.4	742.9
Depreciation & amortisation	(135.4)	(159.2)	(209.1)	(268.8)	(309.9)	(420.9)
Subsidy allocation	11.6	15.3	17.0	18.9	20.7	21.3
Excess provisions	0.7	1.0	0.6	2.5	5.4	5.1
Gains on fixed assets and exceptional inc.	47.3	11.6	1.2	0.3	3.2	6.1
Losses on fixed assets and exceptional exp.	(61.4)	(37.4)	(3.4)	(1.9)	(2.2)	(7.5)
Gains or losses on disposal of other assets	(14.1)	(25.8)	(2.2)	(1.6)	1.1	(1.4)
Other results	29.6	(23.5)	(82.5)	(53.3)	(101.9)	(40.8)
EBIT (operating result)	125.7	103.2	182.0	232.8	247.9	306.2
Financial income	47.1	88.2	12.0	36.0	8.7	21.9
Financial expenses	(53.8)	(66.2)	(70.7)	(63.2)	(63.7)	(73.2)
Impairment and results from financial instr.	(0.8)	(1.8)	(0.8)	(20.4)	(4.9)	(2.9)
FR (financial result)	(7.5)	20.3	(59.5)	(47.7)	(59.9)	(54.2)
RBT (result before tax)	118.1	123.4	122.4	185.1	187.9	252.0
Taxes on profits	(15.7)	(22.4)	(14.9)	(47.3)	(43.8)	(70.1)
NR (net profit for the year)	102.5	101.0	107.6	137.8	144.1	182.0
			1			
Total Income (TI)	1,495.9			2,261.7		
Total Expenses (TE)	(1,393.5)	(1,454.0)	(1.769.1)	(2.123.9)	(2.504.2)	(2.731.8)

Balance Sheet	2013-	2014-	2015-	2016-	2017-	2018-
	14	15	16	17	18	19
NON-CURRENT ASSETS	1,877.5	2,007.9	2,015.6	2,417.6	2,682.8	3,012
Intangible assets	535.9	718.8	872.0	1,052.9	1,193.5	1,411
Sports intangible assets	312.0	387.1	561.9	699.1	860.5	1,058
Non-sports intangible assets	223.9	331.7	310.1	353.8	333.0	353.0
Property, plant and equipment	699.0	650.3	736.3	959.2	1,053.0	1,154
Investment property	41.9	27.0	24.0	24.0	24.3	21.0
L-T invest. in group comp. and associates	45.8	62.9	56.1	59.1	75.3	74.0
Long-term financial investments	306.2	319.5	103.4	109.8	131.6	172.0
Non-current prepayments and accrued income	1.4	1.3	1.7	1.3	6.0	5.8
Deferred tax assets	247.3	228.1	222.1	211.2	199.2	172.8
CURRENT ASSETS	612.4	522.0	823.7	1,110.6	1,088.2	1,318
Non-current assets held for sale	4.9	9.3	155.2	166.1	175.7	200.9
Inventories	7.9	9.0	10.5	32.6	11.7	13.4
Trade debtors and other accounts receivable	316.3	305.8	382.4	422.5	353.1	494.8
S-T invest. in group comp. and associates	17.3	2.7	6.2	9.3	16.3	19.4
Short-term financial investments	106.8	31.3	84.9	72.3	97.1	115.
Current prepayments and accrued income	11.9	10.2	10.0	18.4	17.1	28.3
Cash and cash equivalents	147.3	153.8	174.6	389.4	417.2	446.4
TOTAL ASSETS	2,489.9	2,529.9	2,839.3	3,528.1	3,771.0	4,331
NET EQUITY	118.1	230.1	510.6	675.6	873.6	1,063
Own resources	(45.5)	16.6	328.3	448.6	669.7	852.8
Adjustments for changes in value	(12.0)	(6.5)	(7.1)	(12.0)	(6.8)	(7.2)
Subsidies and donations received	175.7	220.1	189.4	239.1	210.6	217.
NON-CURRENT LIABILITIES	1,114.7	1,259.5	1,159.6	1,232.8	1,364.5	1,541
Long-term provisions	54.9	79.3	110.2	114.3	179.0	214.
Non-current payables	895.0	982.4	840.3	819.9	901.8	1,055
L-T debts with group comp. and associates	34.0	78.2	99.7	177.0	139.2	127.9
Deferred tax liabilities	108.6	92.7	87.6	99.7	91.1	96.4
Non-current accruals and deferred income	22.2	26.9	21.8	21.9	53.3	48.0
CURRENT LIABILITIES	1,257.2	1,040.3	1,169.2	1,619.7	1,533.0	1,726
Short-term provisions	2.2	1.7	3.2	30.5	28.5	37.6
Current payables	468.8	313.9	385.0	539.2	422.2	466.
	2.0	6.6	14.7	10.7	2.8	14.7
S-T debts with group comp. and associates						017
S-T debts with group comp. and associates Trade creditors and other accounts payable	729.8	643.8	681.2	796.1	856.6	917.
S-T debts with group comp. and associates		643.8 74.3	681.2 85.1	796.1 243.3	856.6 222.9	917. 290.

Table 32 Netted LaLiga – Detailed Cash Flo	w water	fall				
Cash Flow (indirect method)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
A. Net Result for the year (NR)	102.5	101.0	107.6	137.8	144.1	182.0
B. Adj. (non cash and finan. P&L head.) to Net Result	(28.8)	(15.5)	63.3	146.3	(9.2)	(4.1)
A. + B. Gross cash flow from operations (FGO)	73.7	85.5	170.9	284.1	134.9	177.9
C. Net investment in operating working capital (WK)	34.8	(123.3)	(17.8)	182.8	122.8	(31.4)
A. + B. + C. Net cash flow from operations (OCF)	108.5	(37.8)	153.1	466.9	257.7	146.4
D1. Net investment in recurring operating capacity (CAPEX)	(3.4)	(67.0)	(169.5)	(219.9)	(188.6)	(68.2)
- Recurring investment in players	(180.6)	(272.6)	(355.0)	(350.6)	(442.2)	(361.9)
+ Recurring divestment in players	233.7	277.3	261.1	268.0	392.2	367.6
- Recurring investment in other operating assets	(67.0)	(102.5)	(97.1)	(148.9)	(144.0)	(88.3)
+ Recurring divestment in other operating assets	10.5	30.8	21.5	11.5	5.4	14.5
A. + B. + C. + D1. Recurrent free cash flow (FCFr)	105.1	(104.8)	(16.4)	247.0	69.1	78.3
D2. Net investment in non-recurrent op. capacity (CAPEX)	39.2	(44.6)	(33.7)	(203.8)	36.7	(127.7)
- Non-recurring investment in players	(9.1)	(45.9)	(145.9)	(144.4)	(140.1)	(364.6)
+ Non-recurring divestment in players	52.8	61.3	92.0	113.6	211.0	309.6
- Non-recurring investment in other operating assets	(8.0)	(139.2)	(17.1)	(177.2)	(38.1)	(79.0)
+ Non-recurring divestment in other operating assets	3.4	79.2	37.2	4.3	3.9	6.3
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	144.3	(149.4)	(50.1)	43.2	105.9	(49.5)
- Financial expenses	(52.7)	(67.0)	(71.5)	(83.7)	(68.7)	(76.0)
+/- Variation in financial debt (FS)	(16.3)	(44.0)	56.4	95.2	(37.6)	62.2
+/- Variation in financial debt (non-FS)	(76.7)	50.9	(76.1)	108.6	0.7	96.1
+ Financial income	46.2	88.2	12.0	36.0	8.7	21.9
+/- Variation in other S/T or L/T finan. assets and liabilities	(17.9)	15.5	(11.4)	(14.0)	25.4	(10.9)
+/- Net investment in financial assets	26.1	(9.3)	(39.5)	4.4	(62.8)	(53.4)
A. + B. + C. + D. + E. Equity cash flow (ECF)	53.0	(115.1)	(180.1)	189.8	(28.4)	(9.7)
F. Cash flows from own resources (Equity)	3.1	122.0	199.0	27.9	62.7	34.2
+/- Changes in share capital and other equity instr.	3.1	47.8	199.0	3.1	65.1	30.6
+ Grants, donations and legacies received	-	74.2	-	24.8	-	10.3
- Dividends paid	-	-	-	-	(2.4)	(6.7)
A. + B. + C. + D. + E. + F. Net change in cash	56.1	7.0	18.9	217.7	34.4	24.4
Cash and cash equivalents, opening balance	91.2	146.8	155.7	171.8	382.9	422.0
+/- Impact of exchange rates on the cash balance	-	-	-	-	-	-
+/- Net annual change in cash	56.1	7.0	18.9	217.7	34.4	24.4
Cash and cash equivalents, closing balance	147.3	153.8	174.6	389.4	417.2	446.4

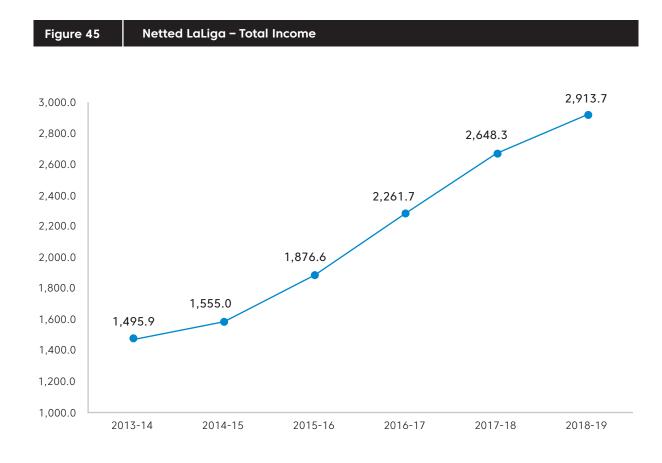






Figure 46 Netted LaLiga – Distribution of Total Income

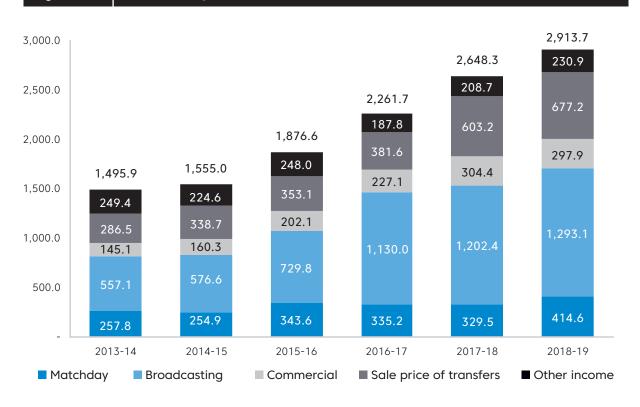


Figure 47

Netted LaLiga – Contribution to Total Income

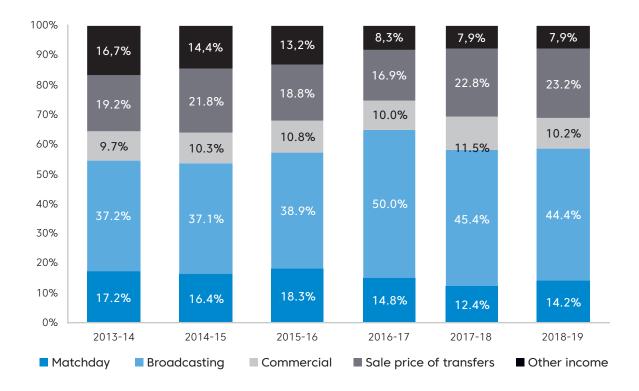


Figure 48

Netted LaLiga – Wage Costs

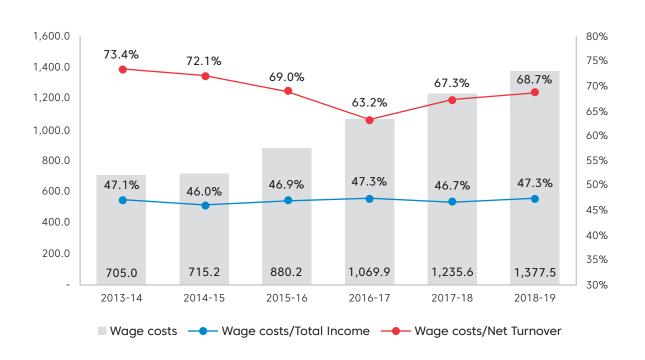


Figure 49

Netted LaLiga – Operating Expenses (OPEX)

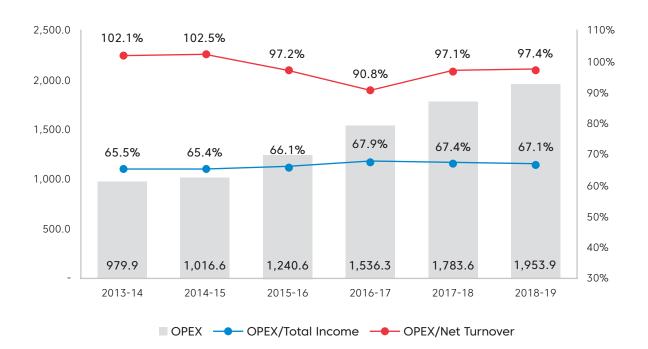
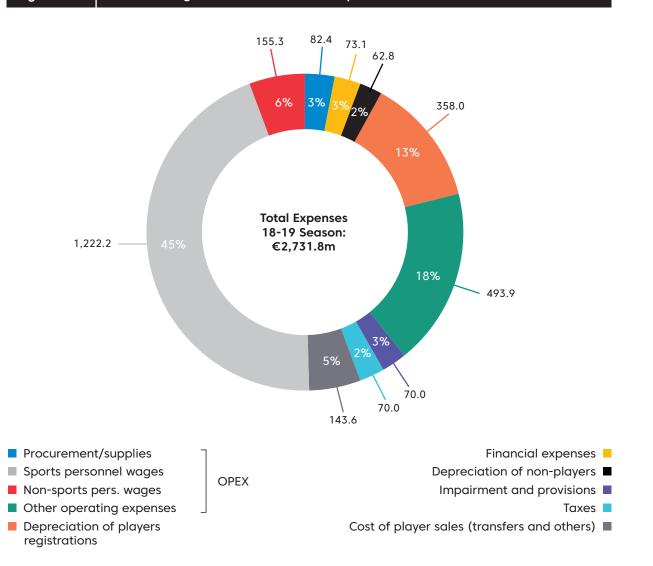




Figure 50 Netted LaLiga – Distribution of Total Expenses



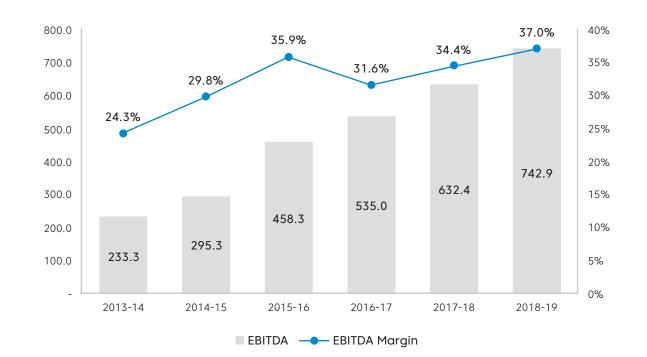


Netted LaLiga – Results Figure 51 800.0 742.9 700.0 632.4 600.0 535.0 500.0 458.3 400.0 295.3 264.0 306.2 300.0 230.5 233.3 247.9 209.4 232.8 Þ -165.1 200.0 182.0 -182.0 125.7 103.2 144.1 128.6 47.1 100.0 81.8 107.6 54.7 35.8 2013-14 2014-15 2015-16 2016-17 2017-18 2018-19

---- EBITDA b/T ----- EBITDA ------ EBIT ----- Adjusted NR (without extraordinary income from releases)

Figure 52

Netted LaLiga – EBITDA margin on NT





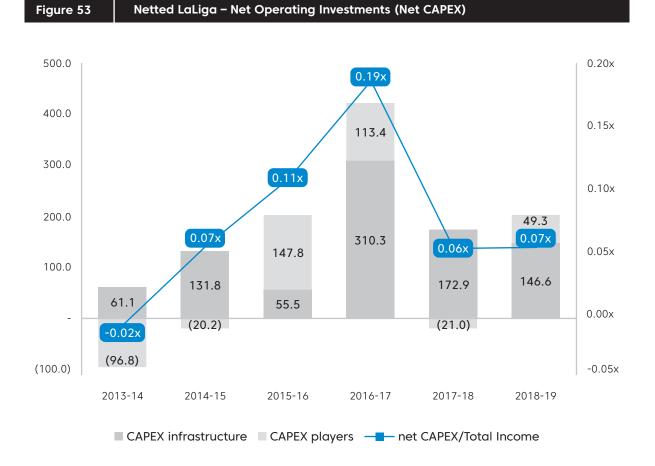
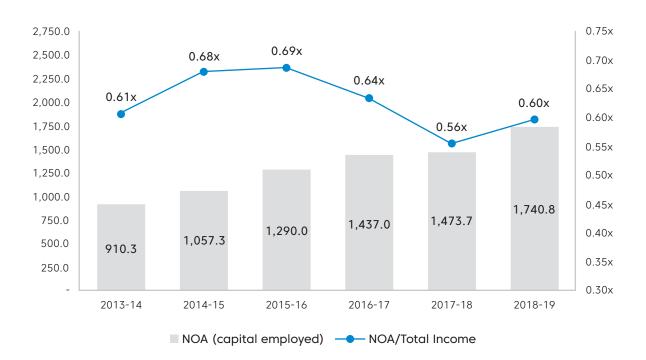
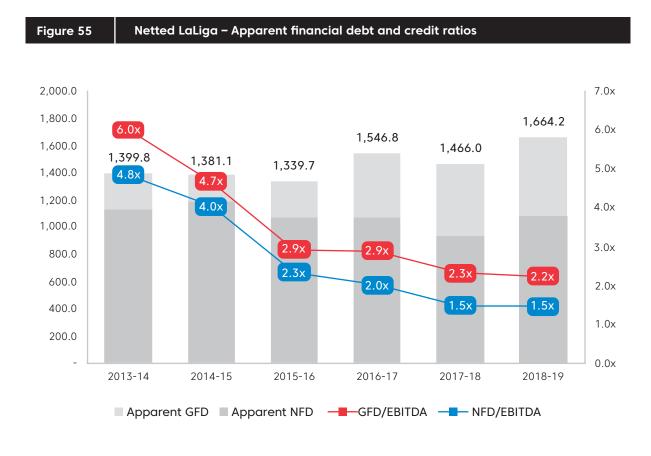


Figure 54

Netted LaLiga - Net Operating Assets (NOA) - or capital employed







Netted LaLiga – Adjusted financial debt and credit ratios

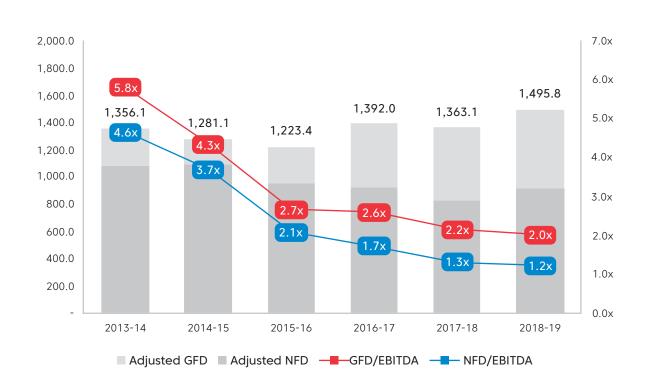
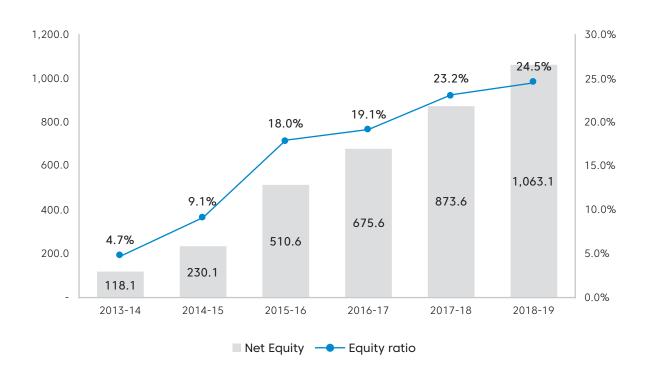
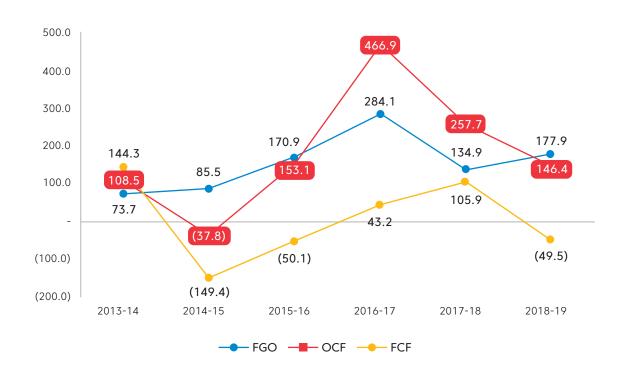


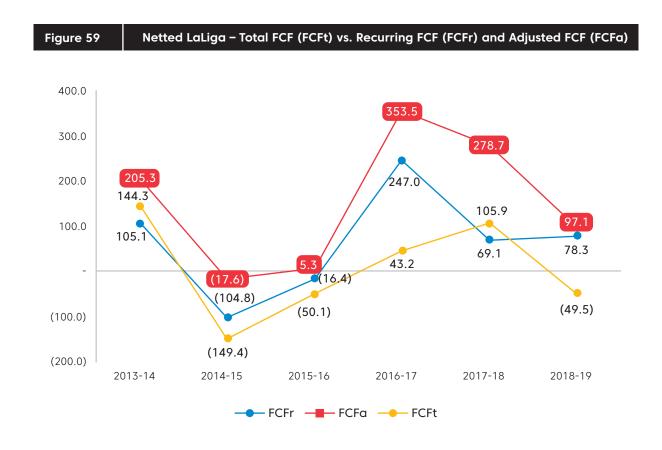


Figure 57 Netted LaLiga – Equity and Equity Ratio

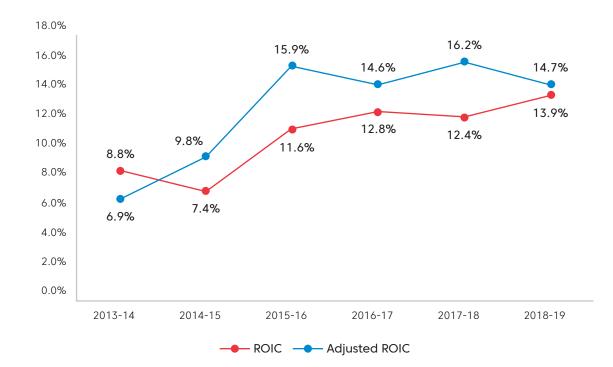














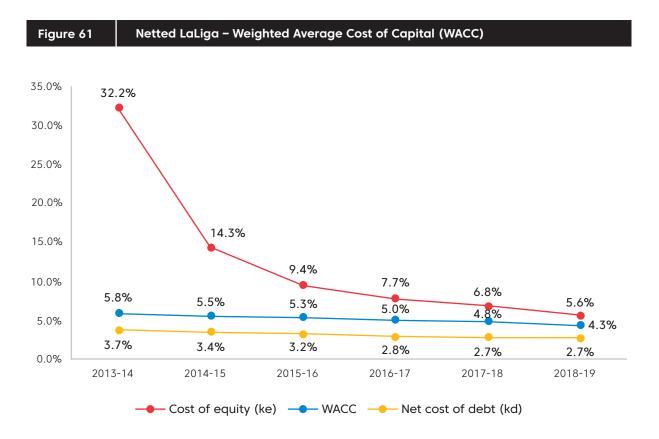
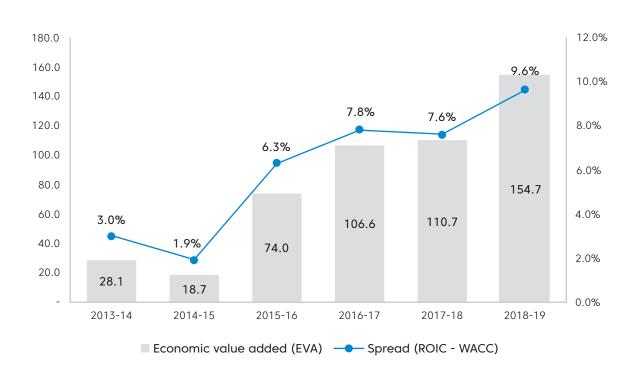


Figure 62 Netted LaLiga – Value Creation (economic value added: EVA)



DETAILED FINANCIAL STATEMENT (P&L), TABLES AND GRAPHICAL EXPLANATIONS OF THE ECONOMIC GROUPINGS

> LaLiga Santander (20 clubs)

LaLiga Santander – Detailed Income Statement

Income Statement	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Broad. income nat. comps. (RDL 5/2015)	742.1	736.3	882.6	1,239.8	1,325.0	1,416.6
Broad. income int. comps. (market pool)	78.5	97.7	109.4	96.4	105.7	81.2
Broad. income from friendlies and others	-	-	-	1.9	2.0	8.2
Audiovisual income	820.6	834.0	992.0	1,338.0	1,432.7	1,506.0
Income from official national competitions	171.2	126.8	135.9	148.1	152.1	154.9
Income official int. comps	140.1	162.0	250.7	249.5	214.7	370.0
Income friendlies and other comps.	30.4	69.6	95.3	88.4	89.4	104.0
Income from ticketing and season subcriptions	233.4	217.8	230.3	245.4	266.4	267.6
Matchday income	575.0	576.2	712.3	731.3	722.6	896.5
Income from shop sales	23.1	51.6	53.2	60.6	63.4	125.1
Income from sponsorship	336.5	366.6	427.8	474.5	499.3	507.4
Income from other commercial concepts	1.8	38.3	36.9	41.6	199.1	102.9
Income from the operation of facilities	-	-	-	-	28.9	74.9
Commercial income - Sponsorship & others	361.4	456.4	517.9	576.7	790.7	810.3
Poner Commercial income - Adversting	72.3	72.3	93.8	98.4	108.2	119.0
NT (net turnover)	1,829.3	1,938.9	2,315.9	2,744.4	3,054.3	3,331.7
Other operating income	95.2	111.1	195.2	127.3	74.3	100.8
Operating Income	1,924.4	2,050.0	2,511.1	2,871.6	3,128.6	3,432.6
Procurements	(56.3)	(67.9)	(75.6)	(82.5)	(120.0)	(129.8)
Non-sports personnel wages	(114.8)	(140.2)	(164.2)	(180.7)	(201.5)	(208.6)
LaLiga registrable sports staff	(938.7)	(995.4)	(1,151.9)	(1,364.0)	(1,679.4)	(1,710.0)
LaLiga non-registrable sports staff	(74.9)	(146.2)	(159.8)	(171.6)	(173.7)	(197.8)
Sports staff wages	(1,013.5)	(1,141.7)	(1,311.7)	(1,535.6)	(1,853.2)	(1,907.8)
Other operating expenses	(443.1)	(433.2)	(479.1)	(617.6)	(728.1)	(756.9)
EBITDA before transfer of players	296.7	267.1	480.5	455.3	225.8	429.5
Sale price for transfer of players	407.8	487.6	416.9	435.4	889.2	930.9
Sale cost for transfer of players	(169.9)	(157.7)	(155.2)	(118.8)	(202.6)	(250.7)
Result from transfer of players	237.9	329.9	261.7	316.6	686.6	680.2
EBITDA after transfer of players	534.6	597.0	742.2	771.9	912.4	1,109.8
Depreciation & amortisation	(293.4)	(359.1)	(392.3)	(442.8)	(524.9)	(660.1)
Subsidy allocation	5.3	8.7	11.2	11.9	12.5	8.1
Excess provisions	0.4	0.7	0.5	32.9	8.9	6.7
Gains on fixed assets and exceptional income	45.9	0.2	0.1	0.1	1.9	4.7
Losses on fixed assets and exceptional expenses	(60.3)	(36.9)	(10.7)	(29.2)	(1.9)	(6.8)
Gains or losses on disposal of other assets	(14.4)	(36.7)	(10.6)	(29.1)	0.1	(2.1)
Other results	28.0	(15.2)	(99.3)	(67.4)	(109.7)	(85.9)
EBIT (operating result)	260.5	195.3	251.8	277.3	299.2	376.4
Financial income	14.1	68.3	22.2	31.1	10.5	23.6
Financial expenses	(65.2)	(80.0)	(85.9)	(61.9)	(75.7)	(87.0)
Impairment and results from financial instruments	(1.8)	(0.8)	(1.3)	(16.7)	(4.9)	0.2
FR (financial result)	(52.8)	(12.6)	(65.0)	(47.5)	(70.1)	(63.2)
RBT (result before tax)	207.7	182.7	186.7	229.8	229.0	313.2
Taxes on profits	(30.0)	(38.6)	(33.8)	(61.9)	(59.7)	(82.5)
NR (net profit for the year)	177.8	144.1	153.0	167.9	169.3	230.8
Total Income (TI)	2,473.6	2,645.4	2 0 7 9 9	3 300 4	4,105.4	4,428.3

Table 34 LaLiga Santander – Detai	led Balanc	e Sheet				
Balance Sheet	2013- 14	2014- 15	2015- 16	2016- 17	2017- 18	2018- 19
NON-CURRENT ASSETS	2,564.3	2,814.6	2,801.9	3,295.4	3,789.1	4,197.
Intangible assets	849.2	1,053.2	1,244.5	1,503.6	1,754.1	1,978.
Sports intangible assets	748.1	906.4	1,067.7	1,268.2	1,590.2	1,832.
Non-sports intangible assets	101.1	146.8	176.7	235.4	163.9	146.1
Property, plant and equipment	1,084.8	1,048.5	1,152.6	1,336.6	1,501.2	1,604.
Investment property	44.0	25.6	20.9	31.3	29.6	28.0
L-T invest. in group comp. and associates	42.2	63.0	48.3	52.0	69.7	78.3
Long-term financial investments	317.2	364.0	96.2	97.4	144.8	277.7
Non-current prepayments and accrued inc.	15.1	43.4	21.0	108.7	110.2	70.1
Deferred tax assets	211.9	217.0	218.4	165.9	179.6	160.6
CURRENT ASSETS	962.9	894.0	1,217.9	1,511.1	1,554.1	1,974.
Non-current assets held for sale	4.9	8.7	155.2	166.1	175.7	278.2
Inventories	8.3	10.3	11.6	32.8	14.3	18.9
Trade debtors and other acc. receivable	475.1	503.9	569.1	602.8	635.8	822.9
S-T invest. in group comp. and associates	15.5	1.3	2.2	7.6	12.5	4.7
Short-term financial investments	99.3	23.8	72.5	57.9	89.5	107.3
Current prepayments and accrued income	12.4	17.2	13.9	23.6	21.8	36.1
Cash and cash equivalents	347.4	328.8	393.5	620.2	604.5	706.2
TOTAL ASSETS	3,527.2	3,708.6	4,019.7	4,806.5	5,343.2	6,171.
NET EQUITY	656.3	696.8	1,016.2	1,193.8	1,359.0	1,596.
Own resources	597.9	593.6	913.3	1,029.4	1,265.1	1,523.
Adjustments for changes in value	(12.0)	(12.0)	(12.0)	-	(10.8)	(10.8
Subsidies and donations received	70.4	115.2	114.9	164.4	104.7	83.7
NON-CURRENT LIABILITIES	1,045.1	1,316.1	1,115.9	1,163.8	1,469.5	1,925.
Long-term provisions	84.6	117.2	149.9	83.4	173.4	235.1
Non-current payables	813.0	980.6	760.5	801.7	1,027.9	1,442.
L-T debts with group comp. and associates		63.6	87.1	151.8	107.6	99.7
Deferred tax liabilities	73.9	88.2	74.6	84.9	67.3	57.6
Non-current accruals and deferred income	53.3	66.4	43.8	42.0	93.3	90.0
	1 0 2 5 0	1 (05.0	1 007 7	2 4 4 9 9	2 514 0	2 / 40
CURRENT LIABILITIES	1,825.8	1,695.8	1,887.7	2,448.9	2,514.8	2,649
Short-term provisions	9.3	8.0	43.6	41.1	29.3	39.0
Current payables	598.0	421.4	519.0	592.1	504.6	536.3
S-T debts with group comp. and associates		4.0	10.1	5.4	2.0	13.1
Trade creditors and other accounts payable		1,049.7	1,136.2	1,359.2	1,494.3	1,510.
Current accruals and deferred income	221.3	212.7	178.8	451.2	484.5	551.0

LaLiga Santander – Detailed Cash Flow waterfall

Cash Flow (indirect method)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
A. Net Result for the year (NR)	177.8	144.1	153.0	167.9	169.3	230.8
B. Adj. (non cash and finan. P&L head.) to Net Result	131.4	117.5	292.8	253.2	33.4	187.7
A. + B. Gross cash flow from operations (FGO)	309.2	261.6	445.8	421.1	202.7	418.5
C. Net investment in operating working capital (WK)	(50.7)	(52.7)	(6.0)	410.4	109.8	(109.4)
A. + B. + C. Net cash flow from operations (OCF)	258.5	208.9	439.7	831.6	312.5	309.1
D1. Net investment in recurrent operating capacity (CAPEX)	(133.9)	(252.4)	(313.5)	(439.7)	(382.2)	(281.4)
- Recurring investment in players	(380.3)	(531.3)	(521.3)	(595.7)	(724.0)	(651.0)
+ Recurring divestment in players	338.6	385.8	325.2	334.7	529.6	487.0
- Recurring investment in other operating assets	(102.5)	(121.3)	(137.7)	(191.2)	(190.9)	(126.2)
+ Recurring divestment in other operating assets	10.2	14.3	20.2	12.5	3.1	8.8
A. + B. + C. + D1. Recurring free cash flow (FCFr)	124.5	(43.5)	126.2	391.9	(69.6)	27.7
D2. Net investment in non-recurring op. capacity (CAPEX)	17.6	(72.4)	(30.6)	(304.2)	36.6	(281.3)
- Non-recurring investment in players	(46.4)	(95.4)	(144.7)	(229.6)	(290.1)	(610.0)
+ Non-recurring divestment in players	69.2	101.8	91.7	100.6	359.6	444.0
- Non-recurring investment in other operating assets	(7.7)	(106.6)	(14.1)	(179.8)	(34.9)	(117.4)
+ Non-recurring divestment in other operating assets	2.5	27.8	36.5	4.6	2.1	2.1
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	142.2	(116.0)	95.7	87.8	(33.0)	(253.5)
- Financial expenses	(66.9)	(80.8)	(87.2)	(78.6)	(80.6)	(86.7)
+/- Variation in financial debt (FS)	(67.2)	(70.1)	26.0	112.5	(22.1)	59.9
+/- Variation in financial debt (non-FS)	64.6	139.9	(152.7)	110.9	110.9	481.5
+ Financial income	14.1	68.3	22.2	31.1	10.5	23.6
+/- Variation in other S/T or L/T finan. assets and liabilities	(28.1)	28.4	(27.6)	(9.0)	42.1	(5.0)
+/- Net investment in financial assets	0.2	(49.0)	14.9	(31.0)	(86.0)	(123.9)
A. + B. + C. + D. + E. Equity cash flow (ECF)	58.9	(79.5)	(108.8)	223.7	(58.3)	95.9
F. Cash flows from own resources (Equity)	(5.3)	71.9	174.7	2.2	53.3	9.0
+/- Changes in share capital and other equity instr.	(5.3)	39.7	174.7	2.2	54.9	0.3
+ Grants, donations and legacies received	-	32.3	-	-	-	10.3
- Dividends paid	-	-	-	-	(1.6)	(1.6)
A. + B. + C. + D. + E. + F. Net change in annual cash	53.7	(7.5)	66.0	226.0	(5.0)	104.9
Cash and cash equivalents, opening balance	293.8	336.3	327.5	394.3	609.5	601.3
+/- Impact of exchange rates on the cash balance	-	-	-	-	-	-
+/- Net annual change in cash	53.7	(7.5)	66.0	226.0	(5.0)	104.9
Cash and cash equivalents, closing balance	347.4	328.8	393.5	620.2	604.5	706.2

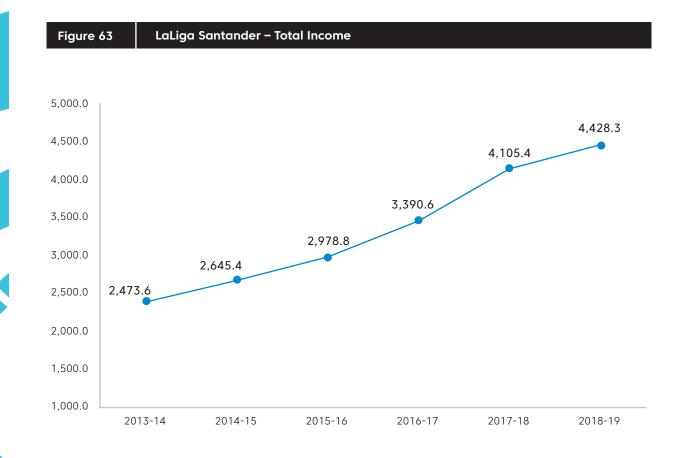






Figure 64 LaLiga Santander – Distribution of Total Income

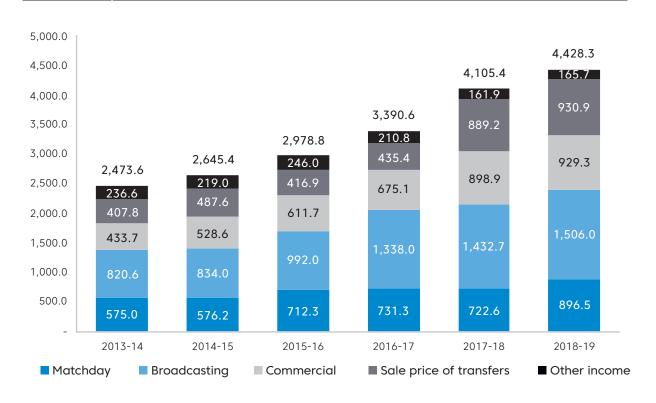


Figure 65

LaLiga Santander – Contribution to Total Income

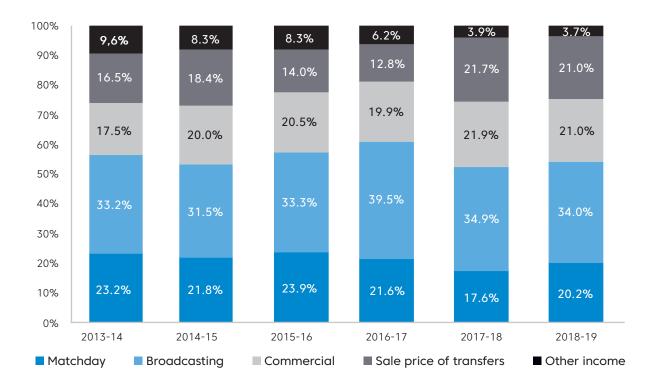
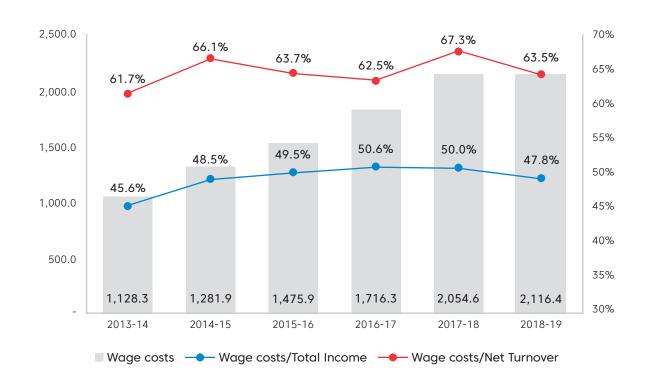


Figure 66 LaLiga Santander – Wage Costs





LaLiga Santander – Operating Expenses (OPEX)

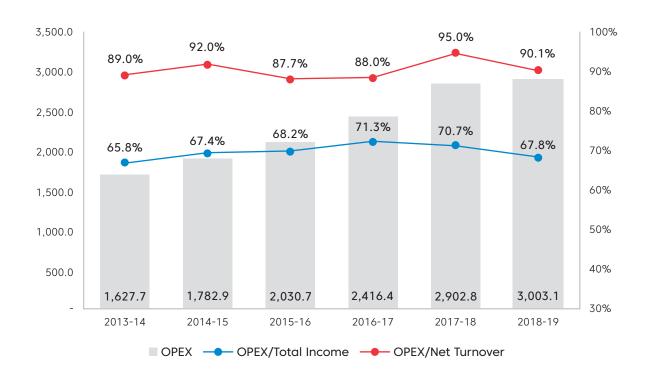
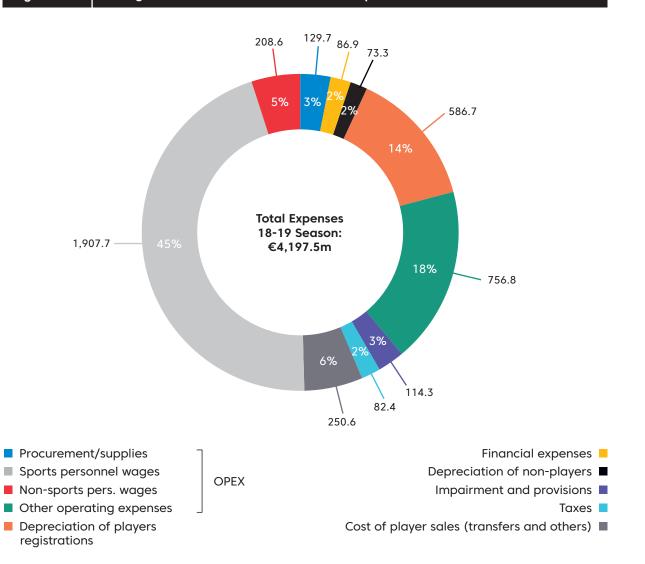


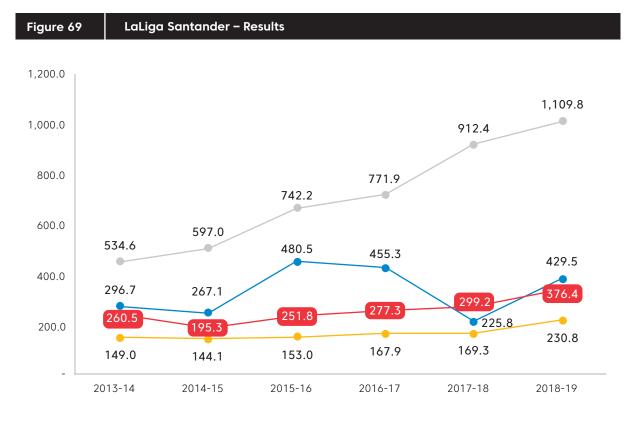


Figure 68

LaLiga Santander – Distribution of Total Expenses



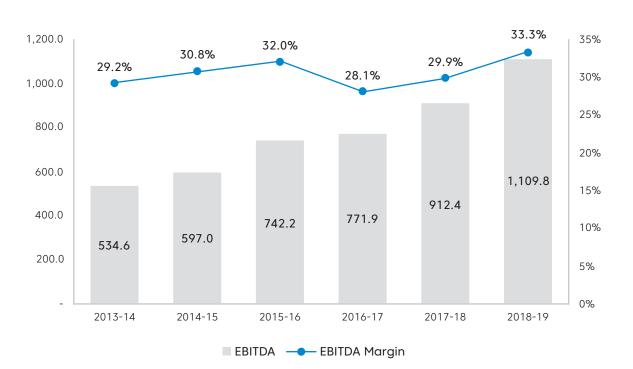




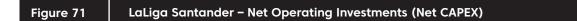
---- EBITDA b/T ----- EBITDA ------ EBIT ----- Adjusted NR (without extraordinary income from releases)

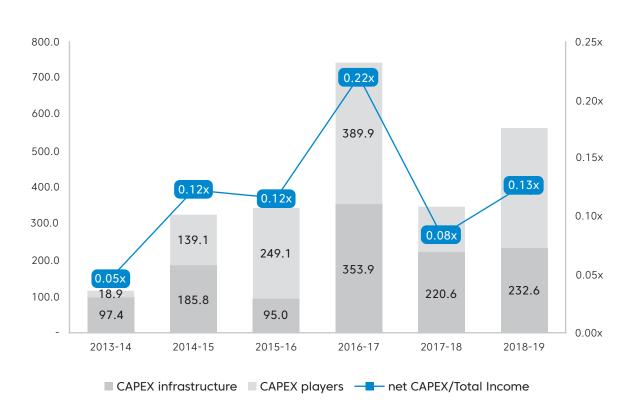


LaLiga Santander – EBITDA margin on NT



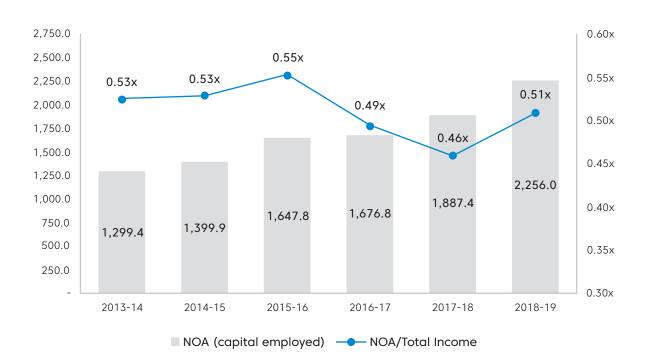


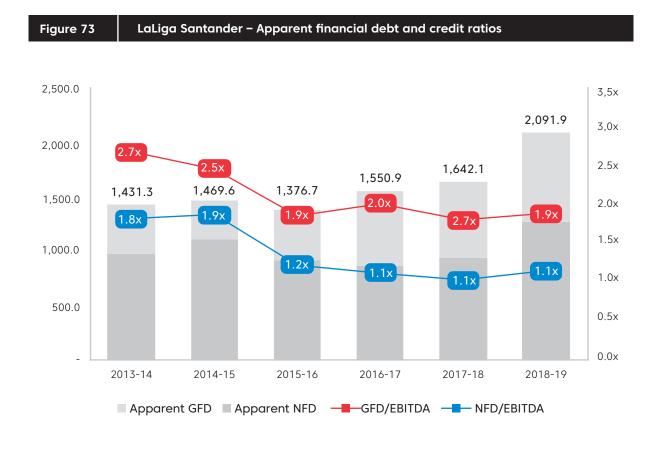






LaLiga Santander - Net operating assets (NOA) - or capital employed







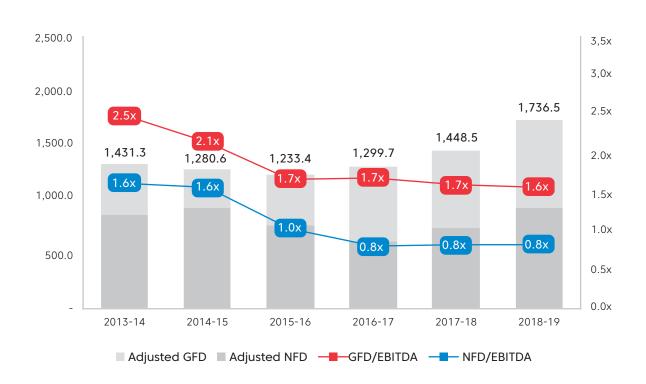
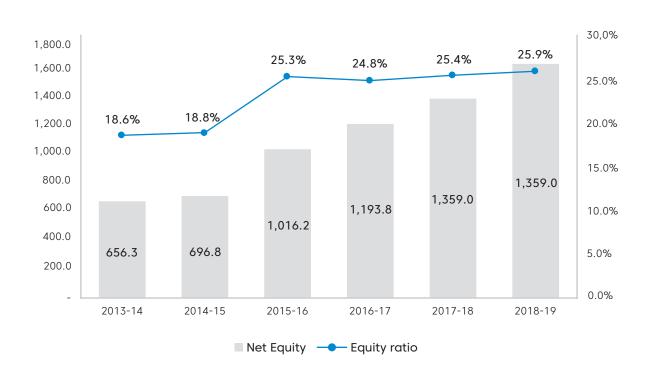




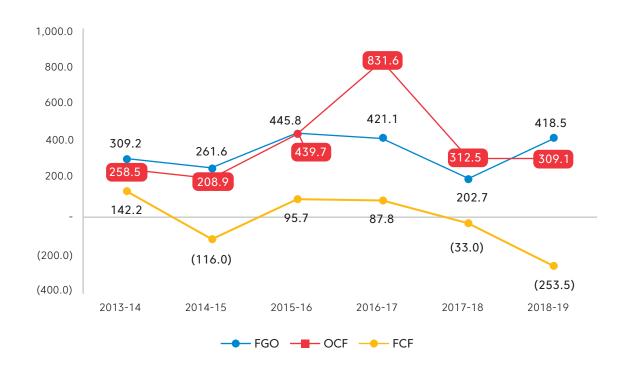
Figure 75

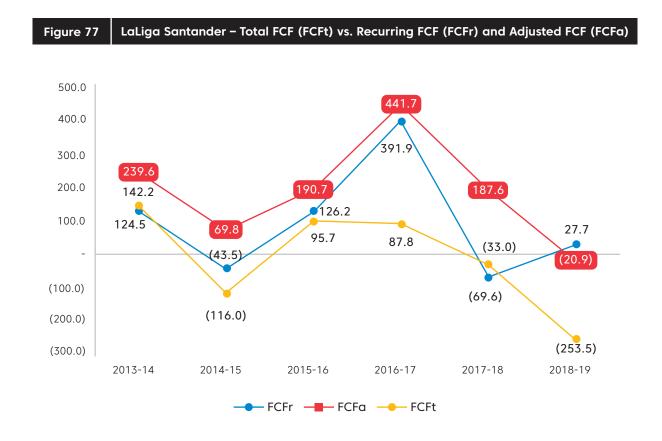
LaLiga Santander – Equity and Equity Ratio



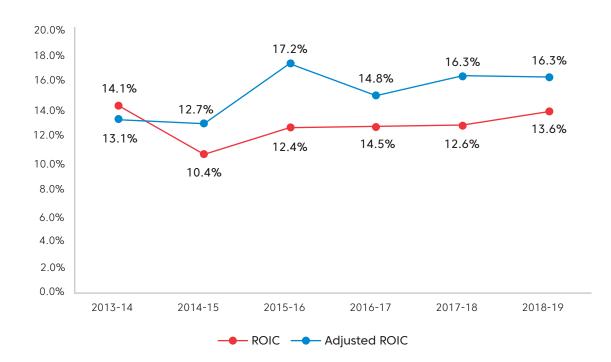


LaLiga Santander – Main expressions of the business's operating cash flow











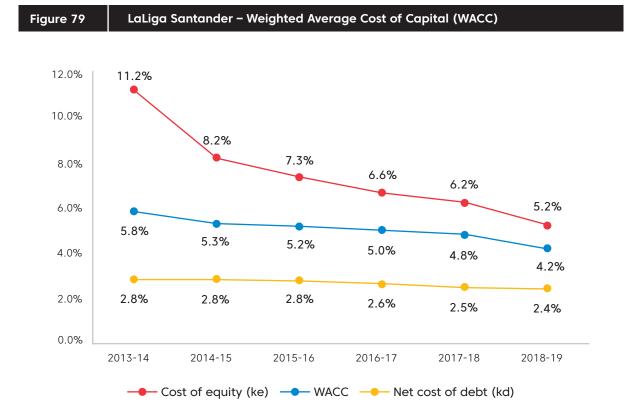
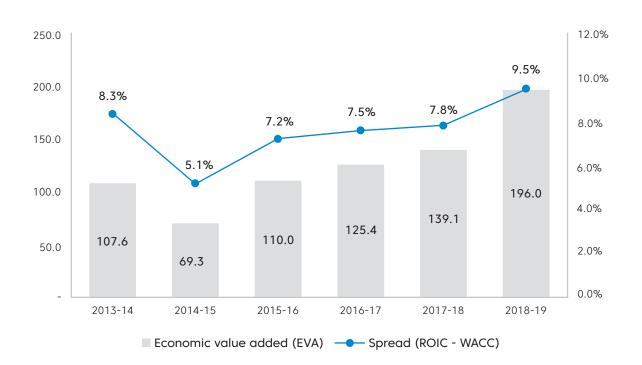


Figure 80 LaLiga Santander – Value Creation (economic value added: EVA)



ANNEX: DETAILED FINANCIAL STATEMENT (P&L), TABLES AND GRAPHICAL EXPLANATIONS OF THE ECONOMIC GROUPINGS

Netted LaLiga Santander (18 clubs)

Netted LaLiga Santander – Detailed Income Statement

Income Statement	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Broad. income nat. comps. (RDL 5/2015)	460.5	460.5	598.5	947.7	1,014.7	1,088.3
Broad. income int. comps. (market pool)	36.5	47.4	57.7	47.0	52.2	45.4
Broad. income from friendlies and others	-	-	-	0.0	0.1	0.3
Broadcasting income	497.0	507.9	656.2	994.8	1,066.9	1,134.0
Income from official national competitions	34.3	36.4	40.1	39.9	39.1	38.8
Income official int. comps	75.4	56.3	127.5	113.6	82.8	162.2
Income friendlies and other comps.	5.9	6.1	10.6	6.6	11.1	9.0
Income from ticketing and season subcriptions	109.9	117.6	134.7	144.7	156.6	152.5
Matchday income	225.6	216.5	313.0	304.8	289.5	362.4
Income from shop sales	23.1	27.5	32.1	35.4	37.0	38.5
Income from sponsorship	26.4	33.2	41.1	48.5	66.9	61.1
Income from other commercial concepts	1.8	6.1	7.2	15.5	59.5	24.8
Income from the operation of facilities	-	-	-	-	-	-
Commercial income - Sponsorship & others	51.3	66.8	80.4	99.3	163.3	124.4
Commercial income - Adversting	72.0	68.8	89.9	96.5	107.5	119.0
NT (net turnover)	845.9	859.9	1,139.4	1,495.3	1,627.3	1,739.9
Other operating income	44.5	52.2	132.1	59.8	61.3	84.9
Operating Income	890.5	912.1	1,271.6	1,555.1	1,688.5	1,824.8
Procurements	(29.5)	(36.7)	(46.4)	(49.2)	(83.9)	(69.0)
Non-sports personnel wages	(59.5)	(75.6)	(92.4)	(101.1)	(115.9)	(110.9)
LaLiga registrable sports staff	(493.7)	(479.7)	(607.4)	(744.5)	(883.5)	(959.1)
LaLiga non-registrable sports staff	(48.5)	(49.1)	(57.1)	(60.5)	(62.9)	(75.9)
Sports staff wages	(542.2)	(528.8)	(664.6)	(805.0)	(946.4)	(1,034.9)
Other operating expenses	(189.5)	(202.7)	(242.2)	(327.6)	(371.6)	(371.8)
EBITDA before transfer of players	69.7	68.4	226.1	272.2	170.8	238.2
Sale price for transfer of players	256.9	322.4	335.7	342.4	553.5	601.9
Sale cost for transfer of players	(92.5)	(93.4)	(124.9)	(104.9)	(128.6)	(121.1)
Result from transfer of players	164.4	229.1	210.8	237.5	424.9	480.8
EBITDA after transfer of players	234.1	297.5	436.9	509.7	595.7	719.0
Depreciation & amortisation	(121.6)	(141.1)	(196.9)	(252.4)	(290.1)	(378.1)
Subsidy allocation	4.9	8.3	10.5	11.6	12.1	7.8
Excess provisions	0.3	0.0	0.5	2.4	4.6	0.0
Gains on fixed assets and exceptional inc.	45.9	0.2	0.1	0.1	1.2	4.5
Losses on fixed assets and exceptional exp.	(60.3)	(36.4)	(1.9)	(0.2)	(1.9)	(6.4)
Gains or losses on disposal of other assets	(14.4)	(36.3)	(1.8)	(0.2)	(0.6)	(1.9)
Other results	41.5	(23.6)	(85.3)	(52.4)	(99.4)	(42.1)
EBIT (operating result)	144.9	104.9	163.9	218.7	222.3	304.6
Financial income	8.1	61.9	11.4	24.3	8.4	20.9
Financial expenses	(47.8)	(57.3)	(66.4)	(54.2)	(59.9)	(66.9)
Impairment and results from financial instr.	(0.5)	(0.8)	(1.3)	(16.7)	(4.9)	(2.4)
FR (financial result)	(40.2)	3.8	(56.4)	(46.6)	(56.4)	(48.4)
RBT (result before tax)	104.7	108.7	107.5	172.2	165.9	256.2
Taxes on profits	(6.6)	(21.8)	(13.6)	(43.7)	(40.7)	(68.3)
NR (net profit for the year)	98.1	86.9	93.9	128.4	125.2	187.9
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Total Income (TI)	1,281.0			1,943.5		
Total Expenses (TE)	(1,182.9)	(1,242.8)	(1,552.1)	(1,015.1)	(2,194./)	(2,282.8)

Balance Sheet	2013- 14	2014- 15	2015- 16	2016- 17	2017- 18	2018- 19
NON-CURRENT ASSETS	1,508.8	1,593.6	1,684.0	1,987.7	2,274.2	2,515.4
Intangible assets	372.7	474.8	691.7	883.5	968.1	1,121.0
Sports intangible assets	280.4	350.6	532.7	665.6	822.5	993.5
Non-sports intangible assets	92.3	124.2	159.1	217.9	145.6	127.5
Property, plant and equipment	624.5	591.7	686.1	857.8	1,003.4	1,048.6
Investment property	25.7	7.7	4.4	7.4	4.2	2.9
L-T invest. in group comp. and associates	41.6	62.1	47.4	51.8	68.6	71.6
Long-term financial investments	265.7	296.2	78.4	51.9	78.1	146.4
Non-current prepayments and accrued inc.	1.4	1.3	1.5	1.3	6.0	5.8
Deferred tax assets	177.1	159.8	174.4	133.8	145.8	119.2
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CURRENT ASSETS	547.1		744.1	984.0	963.8	1,158.9
Non-current assets held for sale	4.9	8.7	155.2	166.1	175.7	199.2
Inventories	5.9	7.8	9.0	30.3	10.6	9.8
Trade debtors and other acc. receivable	278.4	273.0	345.1	358.4	288.4	422.3
S-T invest. in group comp. and associates	15.5	1.3	2.2	7.6	12.5	4.7
Short-term financial investments	99.2	23.8	68.4	55.9	86.8	104.9
Current prepayments and accrued income	9.2	9.7	9.4	16.2	15.6	25.8
Cash and cash equivalents	134.1	143.8	154.9	349.4	374.1	392.2
TOTAL ASSETS	2,055.9	2,061.7	2,428.1	2,971.6	3,238.0	3,674.3
NET EQUITY	233.4	216.0	476.6	615.0	736.3	931.2
Own resources	182.8	120.5	381.1	457.7	649.3	865.0
Adjustments for changes in value	(12.0)	(12.0)	(12.0)	-	(10.8)	(10.8)
Subsidies and donations received	62.6	107.6	107.5	157.3	97.8	77.0
NON-CURRENT LIABILITIES	744.1	966.7	896.9	944.7	1,130.4	1,253.
Long-term provisions	48.5	74.9	102.7	66.3	133.2	204.6
Non-current payables	601.3	744.0	628.9	636.9	786.2	865.2
L-T debts with group comp. and associates	20.3	63.6	87.1	151.8	107.6	99.7
Deferred tax liabilities	53.1	58.6	58.4	70.0	50.4	37.6
Non-current accruals and deferred income	20.8	25.6	19.8	19.8	52.9	46.0
CURRENT LIABILITIES	1,078.4	879.0	1,054.6	1,412.0	1,371.3	1,490.
Short-term provisions	0.1	1.3	1.6	26.1	26.6	33.6
Current payables	439.0	278.6	365.0	491.5	387.9	416.1
S-T debts with group comp. and associates	-	4.0	10.1	5.4	2.0	13.1
Trade creditors and other accounts payable	588.9	527.1	598.9	677.1	760.4	784.0
Current accruals and deferred income	50.5	68.0	79.0	211.9	194.5	243.2

Netted LaLiga Santander – Detailed Cash Flow waterfall

Cash Flow (indirect method)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
A. Net Result for the year (NR)	98.1	86.9	93.9	128.4	125.2	187.9
B. Adj. (non cash and finan. P&L head.) to Net Result	7.4	(3.5)	67.7	150.2	29.3	16.0
A. + B. Gross cash flow from operations (FGO)	105.5	83.4	161.6	278.6	154.5	203.8
C. Net investment in operating working capital (WK)	(7.8)	(105.3)	15.7	152.8	111.4	(55.0)
A. + B. + C. Net cash flow from operations (OCF)	97.7	(21.9)	177.3	431.4	265.9	148.8
D1. Net investment in recurring operating capacity (CAPEX)	(17.8)	(57.7)	(172.6)	(230.0)	(208.4)	(86.6)
- Recurring investment in players	(177.8)	(257.1)	(351.7)	(344.4)	(433.8)	(342.4)
+ Recurring divestment in players	216.1	263.2	249.1	241.7	360.8	321.8
- Recurring investment in other operating assets	(64.2)	(75.1)	(89.6)	(136.8)	(138.2)	(74.0)
+ Recurring divestment in other operating assets	8.2	11.3	19.6	9.5	2.8	7.9
A. + B. + C. + D1. Recurring free cash flow (FCFr)	79.9	(79.5)	4.8	201.4	57.5	62.2
D2. Net investment in non-recurring op. capacity (CAPEX)	30.3	(22.9)	(36.0)	(194.4)	25.5	(135.4)
- Non-recurring investment in players	(5.4)	(25.1)	(144.7)	(141.6)	(134.3)	(345.4)
+ Non-recurring divestment in players	40.9	59.2	86.5	100.6	192.6	280.2
- Non-recurring investment in other operating assets	(7.7)	(84.8)	(14.1)	(154.5)	(34.9)	(72.3)
+ Non-recurring divestment in other operating assets	2.5	27.8	36.3	1.0	2.0	2.1
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	110.3	(102.4)	(31.2)	6.9	82.9	(73.2)
- Financial expenses	(48.3)	(58.1)	(67.8)	(70.9)	(64.8)	(69.3)
+/- Variation in financial debt (FS)	(11.0)	(40.5)	57.0	105.3	(37.1)	63.0
+/- Variation in financial debt (non-FS)	(4.1)	101.5	(89.9)	138.5	32.9	138.9
+ Financial income	8.1	61.9	11.4	24.3	8.4	20.9
+/- Variation in other S/T or L/T finan. assets and liabilities	(11.0)	19.1	(10.8)	(7.2)	23.9	(8.5)
+/- Net investment in financial assets	28.2	(32.6)	(31.1)	(5.4)	(64.1)	(59.6)
A. + B. + C. + D. + E. Equity cash flow (ECF)	72.1	(51.1)	(162.4)	191.5	(17.9)	12.3
F. Cash flows from own resources (Equity)	(5.3)	71.9	174.7	2.2	53.3	9.0
+/- Changes in share capital and other equity instr.	(5.3)	39.7	174.7	2.2	54.9	0.3
+ Grants, donations and legacies received	-	32.3	-	-	-	10.3
- Dividends paid	-	-	-	-	(1.6)	(1.6)
A. + B. + C. + D. + E. + F. Net change in cash	66.8	20.9	12.4	193.7	35.4	21.3
Cash and cash equivalents, opening balance	67.3	122.9	142.5	155.7	338.7	370.9
+/- Impact of exchange rates on the cash balance	-	-	-	-	-	-
+/- Net annual change in cash	66.8	20.9	12.4	193.7	35.4	21.3
Cash and cash equivalents, closing balance	134.1	143.8	154.9	349.4	374.1	392.2

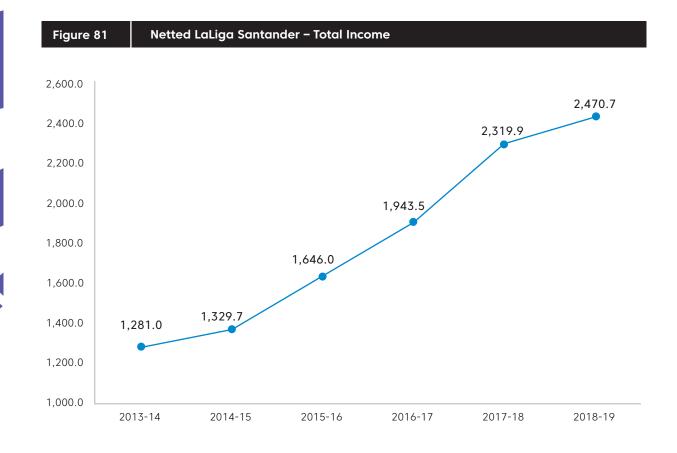






Figure 82 Netted LaLiga Santander – Distribution of Total Income

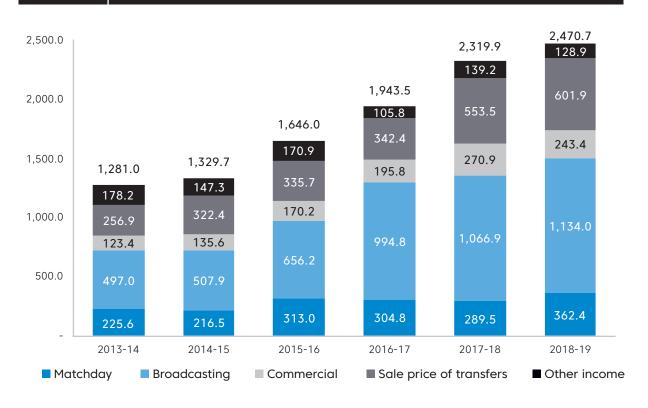
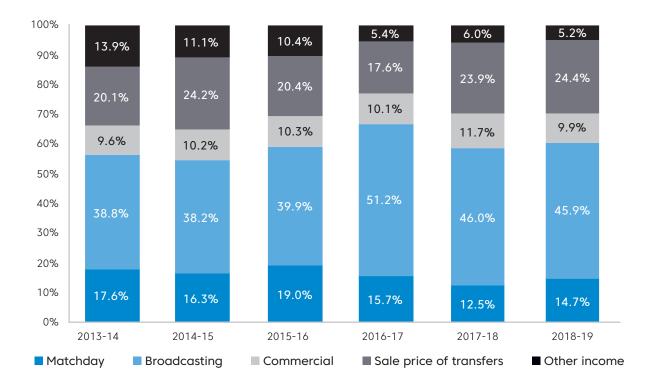


Figure 83

Netted LaLiga Santander – Contribution to Total Income



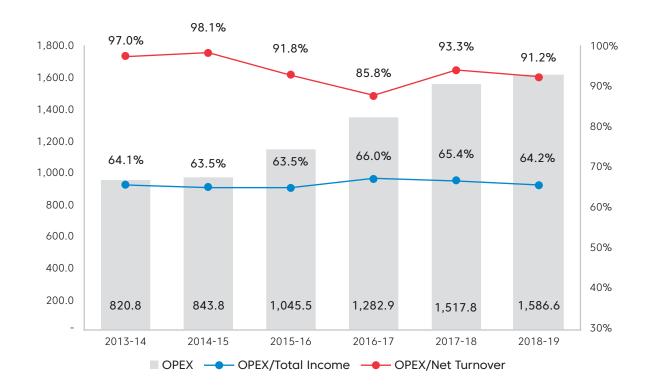
1,400.0 75% 71.1% 70.3% 65.9% 66.4% 70% 65.3% 1,200.0 60.6% 65% 1,000.0 60% 800.0 55% 47.0% 46.0% 46.6% 46.4% 45.5% 45.8% 50% 600.0 45% 400.0 40% 200.0 35% 604.4 906.1 1,062.3 1,145.8 756.9 601.7 30% 2013-14 2014-15 2015-16 2016-17 2017-18 2018-19 Wage costs ----- Wage costs/Total Income ------ Wage costs/Net Turnover



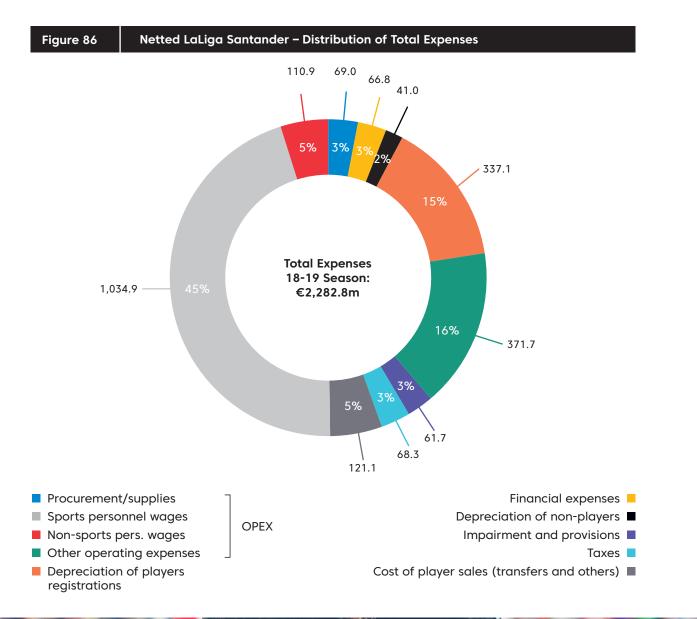
Netted LaLiga Santander – Wage Costs



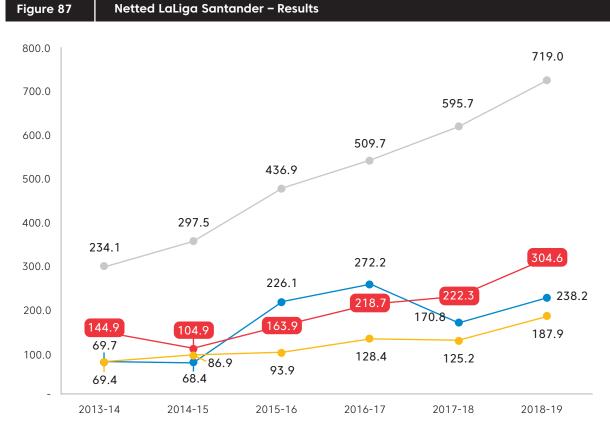
Netted LaLiga Santander – Operating Expenses (OPEX)







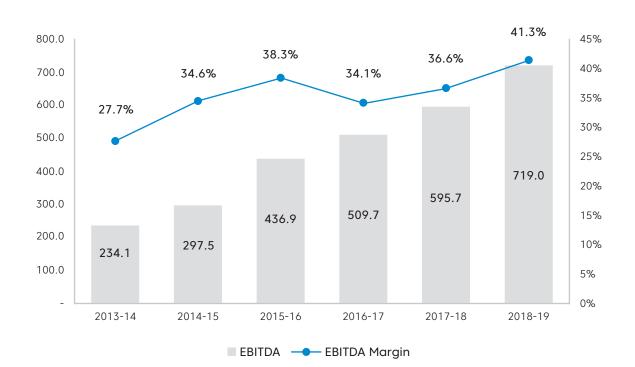




---- EBITDA b/T ----- EBITDA ------ EBIT ----- Adjusted NR (without extraordinary income from releases)

Figure 88

Netted LaLiga Santander – EBITDA margin on NT





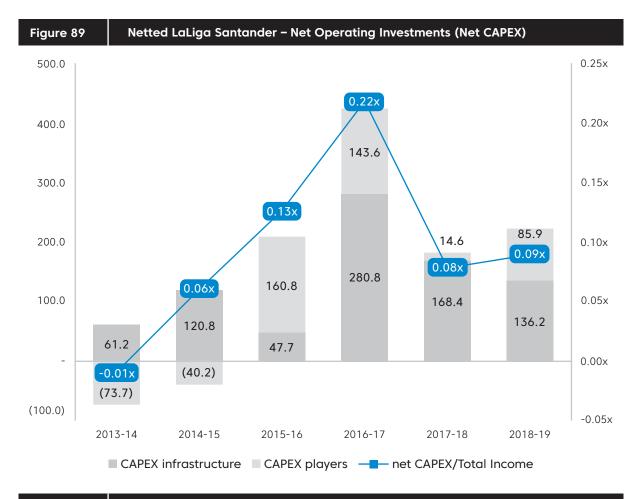
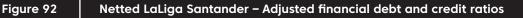


Figure 90

Netted LaLiga Santander – Net Operating Assets (NOA) – or capital employed

2,750.0 0.70x 0.66x 0.64x 2,500.0 0.65x 0.60x 2,250.0 0.59x 0.59x 0.60x 2,000.0 0.55x 1,750.0 0.55x 1,500.0 0.50x 1,250.0 0.45x 1,000.0 750.0 1,446.5 0.40x 1,271.1 1,236.2 1,079.4 500.0 794.6 752.4 0.35x 250.0 0.30x 2013-14 2018-19 2014-15 2015-16 2016-17 2017-18 NOA (capital employed) ---- NOA/Total Income

Netted LaLiga Santander – Apparent financial debt and credit ratios Figure 91 1,600.0 5.0x 1,394.1 4.5x 4.5x 1,285.5 1,400.0 1,283.7 1,090.2 4.0x 1,060.6 1,200.0 1,091.0 3.7x 3.5x 3.5x 1,000.0 3.1x 3.0x 2.5x 2.5x 800.0 2.5x 2.2x 2.0x 2.0x 1.9x 600.0 1.7x 1.5x 1.4x 400.0 1.2x 1.0x 200.0 0.5x 0.0x 2013-14 2014-15 2015-16 2016-17 2017-18 2018-19 Apparent GFD Apparent NFD -GFD/EBITDA -NFD/EBITDA



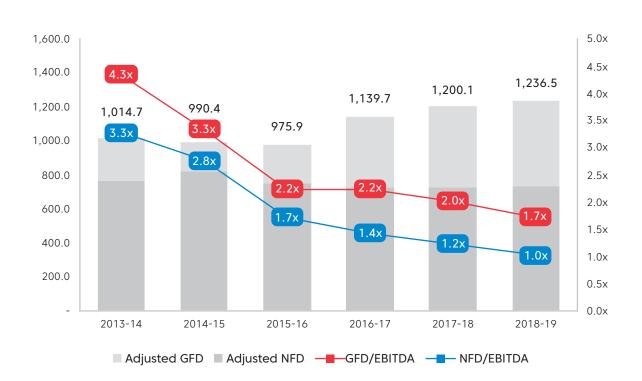
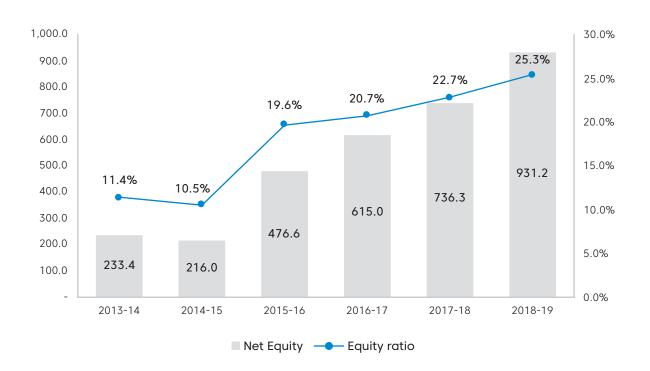
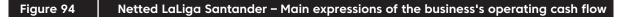
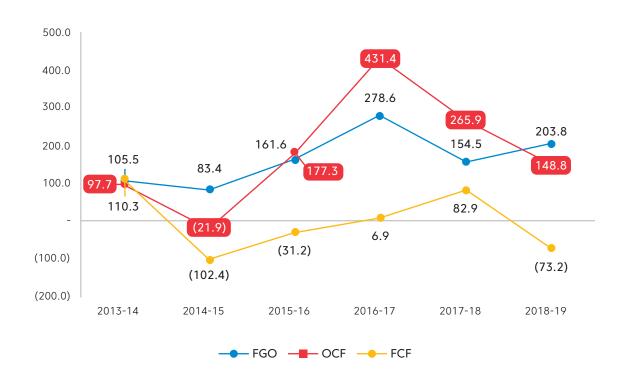


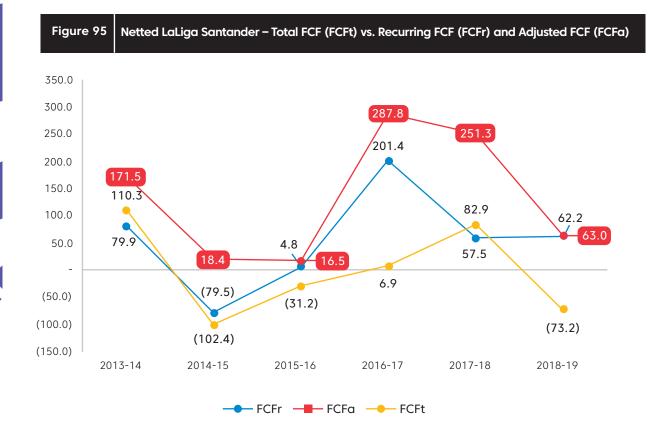


Figure 93 Netted LaLiga Santander – Equity and Equity Ratio

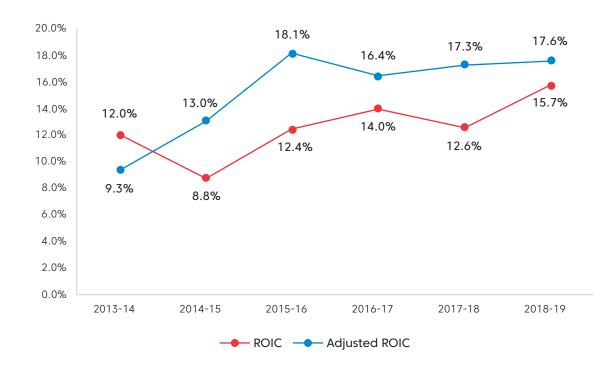




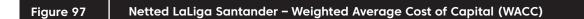












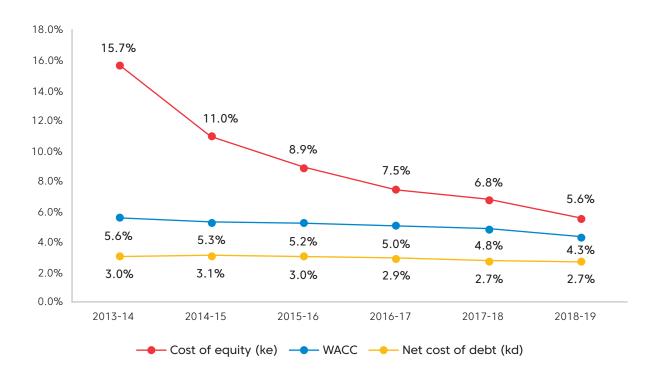
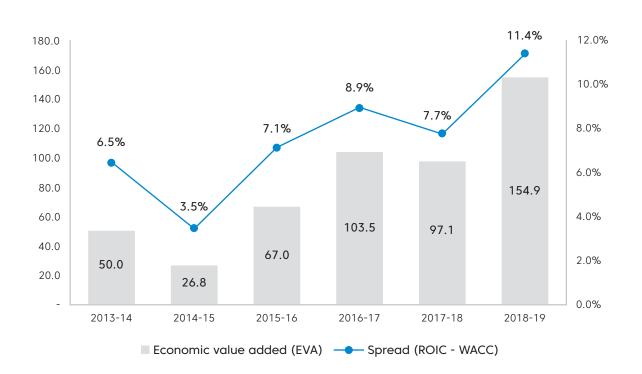


Figure 98 Netted LaLiga Santander – Value Creation (economic value added: EVA)



ANNEX: DETAILED FINANCIAL STATEMENT (P&L), TABLES AND GRAPHICAL EXPLANATIONS OF THE ECONOMIC GROUPINGS

LaLiga SmartBank (22 clubs)

LaLiga SmartBank – Detailed Income Statement

Income Statement	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Broad. income nat. comps. (RDL 5/2015)	44.9	56.2	64.0	135.3	134.4	158.9
Broad. income int. comps. (market pool)	_	-	_	-	0.9	-
Broad. income from friendlies and others	15.2	12.4	9.6	0.0	0.2	0.2
Broadcasting income	60.1	68.6	73.6	135.3	135.4	159.1
Income from official national competitions	8.3	8.0	5.2	5.0	8.6	9.8
Income official int. comps	0.1	0.3	0.9	1.1	0.9	0.7
Income friendlies and other comps.	0.6	0.3	0.5	0.7	0.4	1.1
Income from ticketing and season subcriptions	23.4	29.9	24.1	23.5	30.2	40.6
Matchday income	32.3	38.4	30.6	30.4	40.0	52.2
Income from shop sales	2.5	2.6	3.4	4.0	4.5	9.6
Income from sponsorship	8.6	9.0	7.9	9.6	9.1	18.1
Income from other commercial concepts	0.7	1.9	4.7	0.5	0.5	1.4
Income from the operation of facilities	-	-	-	-	0.2	0.7
Commercial income - Sponsorship & others	11.9	13.5	15.9	14.1	14.3	29.8
Commercial income - Adversting	9.8	11.2	15.9	17.2	19.3	24.8
NT (net turnover)	114.1	131.8	136.0	197.0	209.0	265.8
Other operating income	22.4	27.4	62.9	48.2	51.2	72.7
Operating Income	136.5	159.2	198.9	245.2	260.2	338.5
Procurements	(5.8)	(7.6)	(6.8)	(9.4)	(8.6)	(13.4)
Non-sports personnel wages	(16.3)	(22.1)	(23.5)	(27.6)	(31.7)	(44.4)
LaLiga registrable sports staff	(78.6)	(75.4)	(86.0)	(123.5)	(123.5)	(161.4)
LaLiga non-registrable sports staff	(8.4)	(13.3)	(13.8)	(12.8)	(18.1)	(25.9)
Sports staff wages	(87.0)	(88.7)	(99.8)	(136.2)	(141.6)	(187.3)
Other operating expenses	(50.0)	(54.3)	(64.4)	(80.2)	(83.9)	(122.1)
EBITDA before transfer of players	(22.6)	(13.6)	4.4	(8.2)	(5.7)	(28.7)
Sale price for transfer of players	29.5	16.2	17.5	39.2	49.8	75.2
Sale cost for transfer of players	(7.7)	(4.8)	(0.5)	(5.7)	(7.4)	(22.6)
Result from transfer of players	21.8	11.5	17.0	33.5	42.4	52.7
EBITDA after transfer of players	(0.8)	(2.2)	21.4	25.3	36.7	23.9
Depreciation & amortisation	(13.9)	(18.1)	(12.3)	(16.4)	(19.8)	(42.8)
Subsidy allocation	6.6	7.0	6.4	7.4	8.6	13.5
Excess provisions	0.4	1.0	0.2	0.1	0.8	5.1
Gains on fixed assets and exceptional inc.	1.4	11.4	1.2	0.3	2.0	1.6
Losses on fixed assets and exceptional exp.	(1.1)	(1.0)	(1.6)	(1.7)	(0.3)	(1.1)
Gains or losses on disposal of other assets	0.4	10.4	(0.4)	(1.4)	1.7	0.5
Other results	(11.9)	0.1	2.8	(0.9)	(2.5)	1.3
EBIT (operating result)	(19.2)	(1.8)	18.1	14.1	25.5	1.6
Financial income	39.0	26.3	0.6	11.6	0.3	0.9
Financial expenses	(5.9)	(8.9)	(4.3)	(9.0)	(3.8)	(6.3)
Impairment and results from financial instr.	(0.4)	(1.0)	0.5	(3.7)	0.0	(0.4)
FR (financial result)	32.7	16.4	(3.2)	(1.1)	(3.5)	(5.8)
RBT (result before tax)	13.4	14.7	14.9	12.9	22.0	(4.2)
Taxes on profits	(9.1)	(0.6)	(1.3)	(3.6)	(3.1)	(1.7)
NR (net profit for the year)	4.3	14.1	13.6	9.4	18.9	(5.9)
Total Income (TI)	214.9	225.3	230.6	318.2	328.4	443.1
Total Income (TI)						
Total Expenses (TE)	(210.6)	(211.3)	(217.0)	(308.8)	(309.4)	(449.0)

Table 40 LaLiga SmartBank – Detailed Balance Sheet									
Balance Sheet	2013- 14	2014- 15	2015- 16	2016- 17	2017- 18	2018 19			
NON-CURRENT ASSETS	368.7	414.3	331.5	429.9	408.6	497.2			
Intangible assets	163.2	244.0	180.3	169.4	225.3	290.			
Sports intangible assets	31.6	36.5	29.3	33.5	37.9	65.1			
Non-sports intangible assets	131.6	207.5	151.0	135.9	187.4	225.			
Property, plant and equipment	74.5	58.5	50.2	101.4	49.6	106.			
Investment property	16.2	19.3	19.6	16.5	20.1	18.1			
L-T invest. in group comp. and associates	4.2	0.8	8.7	7.3	6.7	2.5			
Long-term financial investments	40.5	23.4	25.0	57.9	53.5	26.3			
Non-current prepayments and accrued inc.	-	-	0.1	-	-	-			
Deferred tax assets	70.1	68.3	47.7	77.4	53.4	53.6			
CURRENT ASSETS	65.3	54.0	79.6	126.6	124.5	159.			
Non-current assets held for sale	-	0.6	_	-	-	1.6			
Inventories	1.9	1.1	1.5	2.3	1.1	3.6			
Trade debtors and other acc. receivable	37.9	32.9	37.4	64.1	64.7	72.			
S-T invest. in group comp. and associates	1.8	1.3	4.0	1.7	3.7	14.			
Short-term financial investments	7.6	7.5	16.4	16.3	10.3	10.3			
Current prepayments and accrued income	2.8	0.5	0.6	2.2	1.5	2.5			
Cash and cash equivalents	13.2	10.0	19.7	40.0	43.1	54.2			
TOTAL ASSETS	434.0	468.2	411.1	556.5	533.0	656.			
NET EQUITY	(115.3)	14.1	34.0	60.7	137.3	131.			
Own resources	(228.4)	(103.9)	(52.8)	(9.1)	20.5	(12.2			
Adjustments for changes in value	0.0	5.5	4.9	(12.0)	4.0	3.6			
Subsidies and donations received	113.1	112.5	81.8	81.8	112.8	140			
NON-CURRENT LIABILITIES	370.6	292.8	262.6	288.0	234.1	288.			
Long-term provisions	6.3	4.4	7.4	48.0	45.8	9.4			
Non-current payables	293.7	238.4	211.4	183.0	115.7	189.			
L-T debts with group comp. and associates	13.7	14.6	12.6	25.2	31.6	28.3			
Deferred tax liabilities	55.5	34.1	29.2	29.7	40.6	58.8			
Non-current accruals and deferred income	1.3	1.3	2.0	2.1	0.4	2.0			
CURRENT LIABILITIES	178.7	161.3	114.5	207.8	161.7	236.			
Short-term provisions	2.1	0.4	1.6	4.4	2.0	4.0			
Current payables	29.8	35.3	19.9	47.7	34.3	50.4			
S-T debts with group comp. and associates		2.7	4.6	5.3	0.8	1.6			
Trade creditors and other accounts payable		116.7	82.3	119.0	96.2	133.			
Current accruals and deferred income	3.9	6.3	6.1	31.3	28.4	47.4			
		1		1	1				
TOTAL EQUITY AND LIABILITIES	434.0	468.2	411.1	556.5	533.0	656.			

Table 41

LaLiga SmartBank – Detailed Cash Flow waterfall

Cash Flow (indirect method)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
A. Net Result for the year (NR)	4.3	14.1	13.6	9.4	18.9	(5.9)
B. Adj. (non cash and finan. P&L head.) to Net Result	(36.2)	(12.0)	(4.3)	(3.9)	(38.5)	(20.1)
A. + B. Gross cash flow from operations (FGO)	(31.9)	2.1	9.3	5.5	(19.6)	(26.0)
C. Net investment in operating working capital (WK)	42.7	(18.0)	(33.5)	30.0	11.4	23.6
A. + B. + C. Net cash flow from operations (OCF)	10.8	(15.9)	(24.2)	35.5	(8.2)	(2.4)
D1. Net investment in recurrent operating capacity (CAPEX)	14.4	(9.3)	3.0	10.1	19.9	18.5
- Recurring investment in players	(2.8)	(15.5)	(3.3)	(6.2)	(8.4)	(19.5)
+ Recurring divestment in players	17.6	14.1	12.0	26.3	31.4	45.8
- Recurring investment in other operating assets	(2.8)	(27.4)	(7.6)	(12.0)	(5.8)	(14.4)
+ Recurring divestment in other operating assets	2.4	19.5	1.9	2.0	2.6	6.5
A. + B. + C. + D1. Recurring free cash flow (FCFr)	25.2	(25.2)	(21.2)	45.6	11.7	16.1
D2. Net investment in non-recurring op. capacity (CAPEX)	8.8	(21.8)	2.2	(9.3)	11.3	7.7
- Non-recurring investment in players	(3.7)	(20.8)	(1.2)	(2.8)	(5.8)	(19.2)
+ Non-recurring divestment in players	11.9	2.1	5.5	12.9	18.4	29.4
- Non-recurring investment in other operating assets	(0.3)	(54.5)	(3.0)	(22.7)	(3.1)	(6.7)
+ Non-recurring divestment in other operating assets	0.8	51.4	0.9	3.3	1.8	4.2
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	34.0	(47.0)	(18.9)	36.3	22.9	23.7
- Financial expenses	(4.4)	(9.0)	(3.7)	(12.8)	(3.8)	(6.7)
+/- Variation in financial debt (FS)	(5.3)	(3.5)	(0.5)	(10.0)	(0.5)	(0.9)
+/- Variation in financial debt (non-FS)	(72.5)	(50.6)	13.8	(29.9)	(32.2)	(42.9)
+ Financial income	38.1	26.3	0.6	11.6	0.3	0.9
+/- Variation in other S/T or L/T finan. assets and liabilities	(6.9)	(3.6)	(0.6)	(6.8)	1.5	(2.4)
+/- Net investment in financial assets	(2.1)	23.3	(8.3)	9.8	1.3	6.2
A. + B. + C. + D. + E. Equity cash flow (ECF)	(19.1)	(64.0)	(17.8)	(1.8)	(10.5)	(22.0)
F. Cash flows from own resources (Equity)	8.4	50.1	24.3	25.7	9.4	25.2
+/- Changes in share capital and other equity instr.	8.4	8.1	24.3	0.9	10.2	30.3
+ Grants, donations and legacies received	-	41.9	-	24.8	-	-
- Dividends paid	-	-	-	-	(0.8)	(5.1)
A. + B. + C. + D. + E. + F. Net change in cash	(10.7)	(13.9)	6.5	23.9	(1.0)	3.2
Cash and cash equivalents, opening balance	07.0	23.9	13.2	16.1	44.2	51.1
cush and cush equivalents, opening balance	23.9	23.7				
+/- Impact of exchange rates on the cash balance	-	-	-	-	-	-
	- (10.7)	- (13.9)	- 6.5	- 23.9	- (1.0)	- 3.2

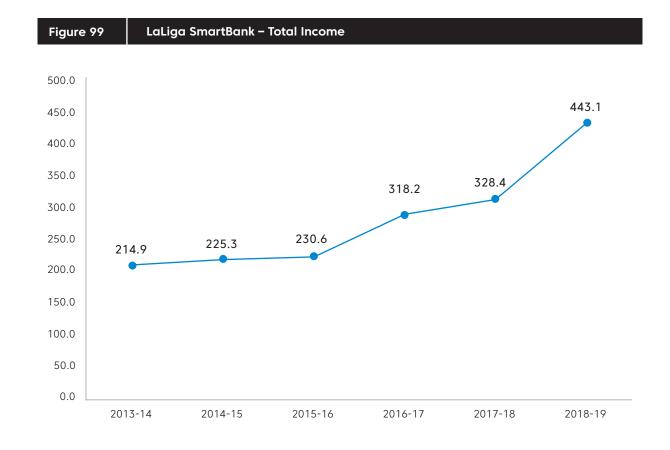






Figure 100 LaLiga SmartBank – Distribution of Total Income

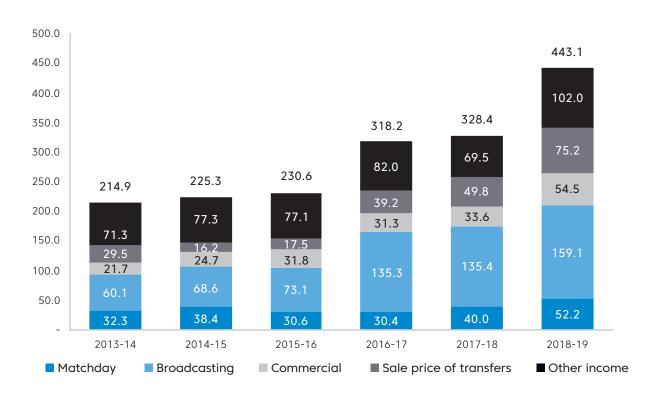


Figure 101

LaLiga SmartBank – Contribution to Total Income

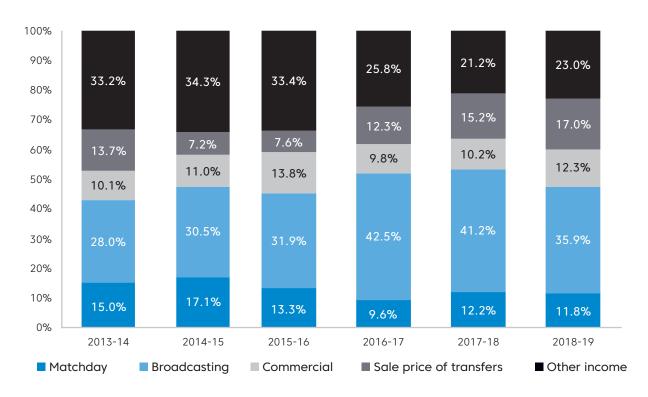


Figure 102

250.0 100% 90.6% 90.6% 87.2% 90% 84.1% 82.9% 83.2% 200.0 80% 150.0 70% 60% 53.5% 52.8% 52.3% 100.0 51.5% 49.2% 48.1% 50% 50.0 40% 163.8 103.3 110.8 123.3 173.3 231.7 30% 2013-14 2014-15 2015-16 2016-17 2017-18 2018-19 Wage costs ----- Wage costs/Total Income ------ Wage costs/Net Turnover

LaLiga SmartBank – Wage Costs



LaLiga SmartBank – Operating Expenses (OPEX)

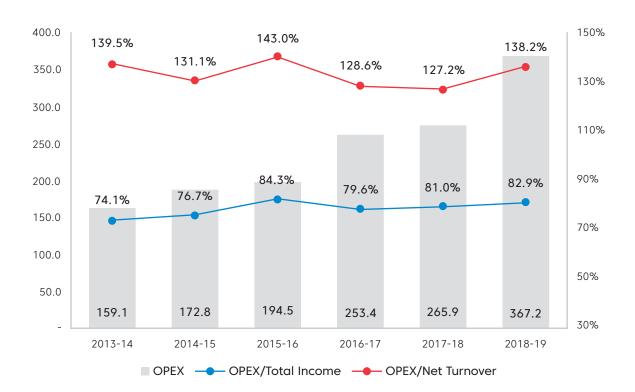
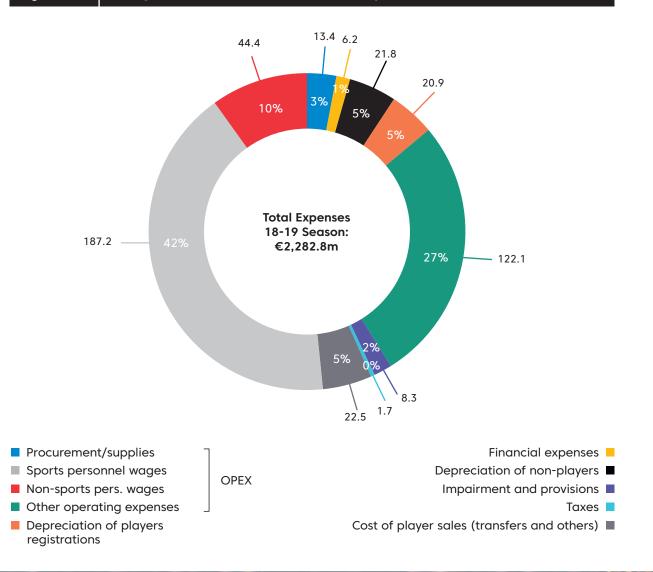
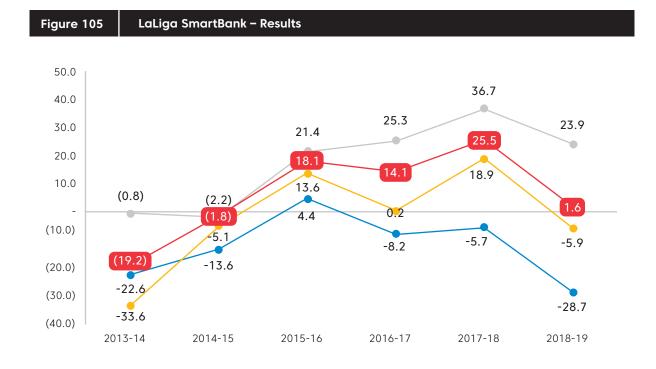




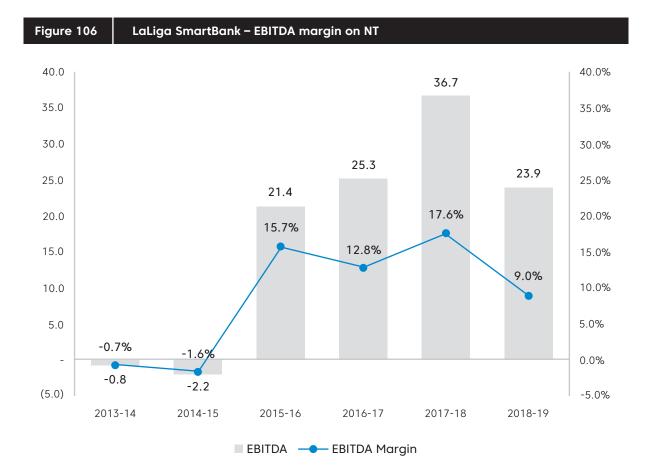
Figure 104 LaLiga SmartBank – Distribution of Total Expenses







EBITDA b/T — EBITDA — EBIT — Adjusted NR (without extraordinary income from releases)



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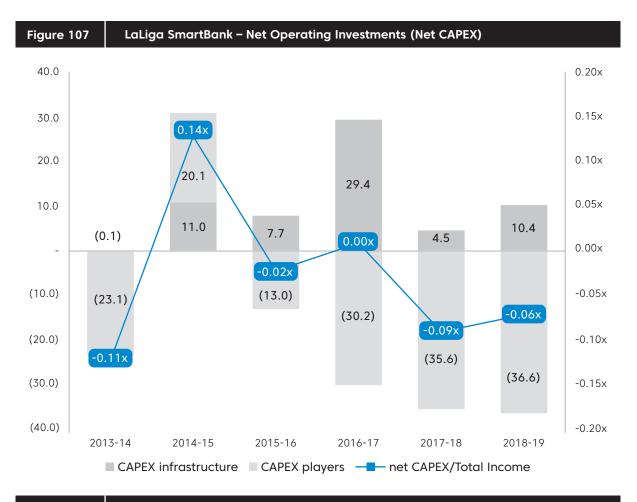


Figure 108

LaLiga SmartBank – Net operating assets (NOA) – or capital employed

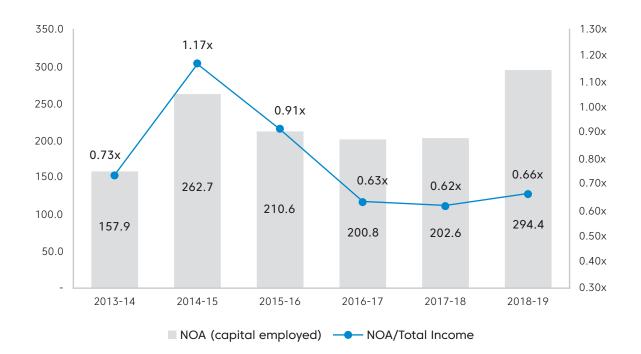
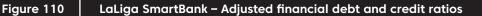
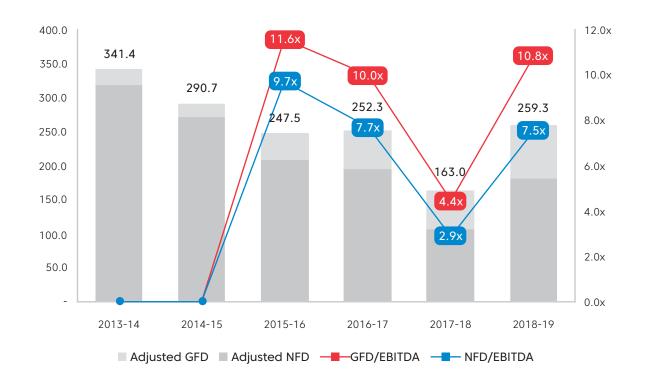


Figure 109

400.0 12.0x 11.6x 11.3x 339.2 350.0 10.3x 10.0x 9.7x 290.9 300.0 261.3 270.1 248.6 8.0x 8.0x 8.0x 250.0 182.3 200.0 6.0x 5.0x 150.0 4.0x 3.4x 100.0 2.0x 50.0 0.0x 2013-14 2014-15 2015-16 2016-17 2017-18 2018-19

LaLiga SmartBank – Apparent financial debt and credit ratios







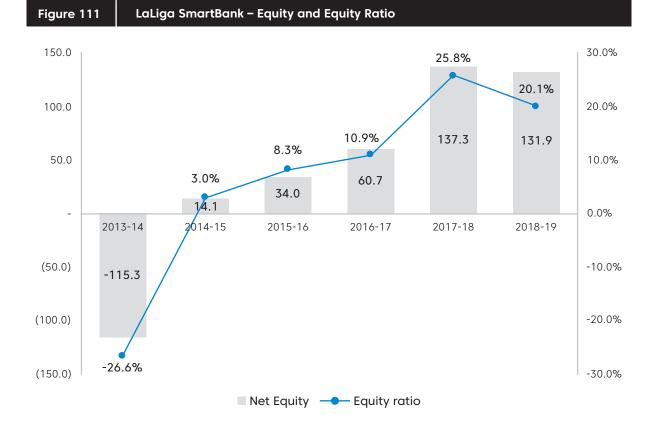
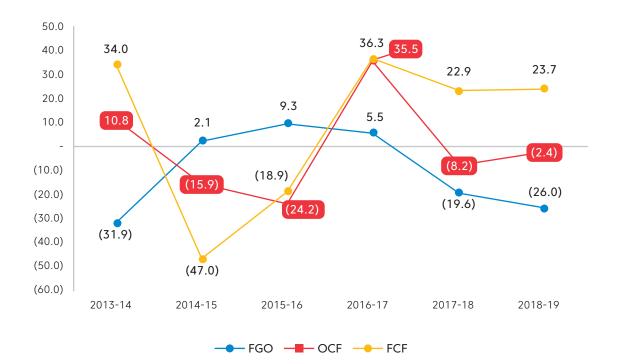
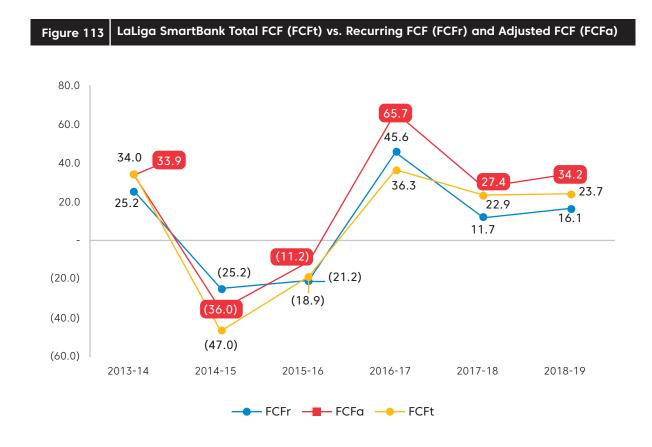
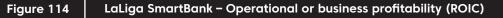
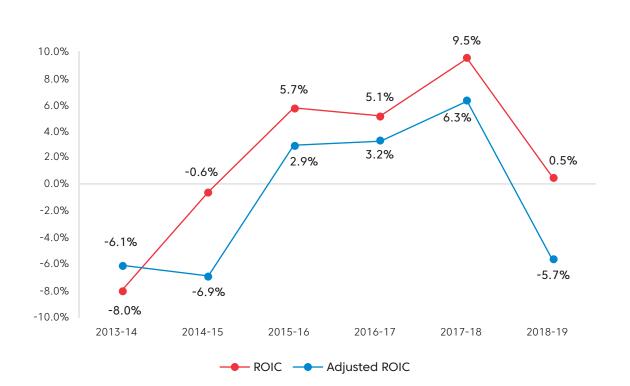


Figure 112 LaLiga SmartBank – Main expressions of the business's operating cash flow







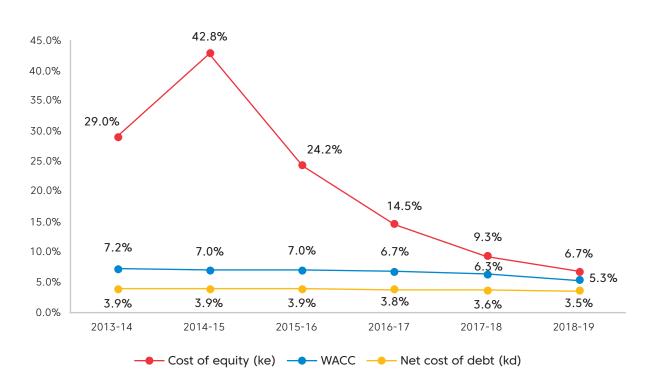


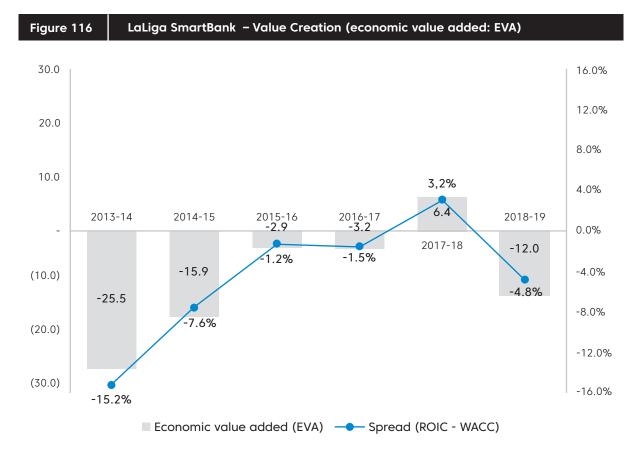
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Figure 115 LaLiga Smart









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Annex 4: Glossary of terms and definitions

1. Total Income:

Broad definition of all book credits included in the income statement (P&L), for each of the five club and SAD groupings analysed in the Report. It includes the following headings:

Net turnover (NT)

- Income from Broadcasting income (including distributions by UEFA for audiovisual market pool)
- Income from Matchday income (ticketing and season suscribers, as well as other income distributed by UEFA for concepts other than market pool, sometimes known as price money)
- Commercial income (including sponsorship, advertising and merchandising)

Income from transfers of players (i.e. sale price of federative rights / registrations))

- Other operating income, mainly:
 - Operating income of an accessory nature (not included in NT items)
 - Adjustment (allocations) of capital grants received for investments in nonfinancial fixed assets and others
 - Excess (application) of provisions
 - Reversal of impairment made on fixed assets
 - Gains on non-financial fixed assets and exceptional income
 - Income (i.e. sale price) from disposal of other fixed assets (excluding transfer of players – already included previously in another heading) or positive exceptional results
 - Financial income
 - Positive gains on disposal of financial instruments

2. Historical series (seasons analysed in the Report):

From 2013-2014 to 2018-2019, which means a total of six seasons, or five annual increases between the last financial year and the base financial year.



3. Compound Annual Growth Rate (CAGR):

The compound annual growth rate (CAGR), expressed in %, is calculated using the following formula:

$$\left[\left(\frac{\text{value}_{n}}{\text{value}_{o}}\right)^{\left(\frac{1}{n}\right)} - 1\right]$$

In this Report, the CAGR is calculated from n=5 (5 increments corresponding to the 6 seasons that make up the series being analysed).

4. Spanish GDP at market prices (GDP _____):

Source: Spain's National Statistics Institute (INE). Annual percentage change in Spain's Gross Domestic Product (GDP) at market prices (p.m.) – nominal terms or current euros – at the end of each financial year in the reference period.

5. Income from the Transfer of Players:

It is defined as the income (sale price) from the transfer of players' federative rights or registrations (i.e. sports intangible assets). Alternatively, it can be calculated as the net result for said transfers plus the net book value of fixed assets derecognised due to the disposal of these assets. This heading is included under the concept of "Total Income".

Under the heading of expenditure, the costs (cost of sale) for the transfer of federative rights or are also taken into account for the amount of the net book value of the asset derecognised.

In this way, sale price (income) minus cost of sale (expense) for transfers equals the "Result from Transfers of Players" that formally appears in the Income statement P&L.

6. Other Income: Other accessory operating revenues (i.e. other credits), of an operational and financial nature and a more erratic/discontinuous pattern, which are not part of NT or income from the transfers of players (sale price). For example:

- Other operating income of an accessory nature (not included in NT), such as income paid by LaLiga for other concepts, operating subsidies received, income from the transfers of players, work performed for the entity, relagation aid / parachuting payments and other operational billing
- Adjustment (allocations) of capital grants received for non-financial fixed assets and others
- Excess (application) of provisions

- Reversal of impairment made on fixed assets
- Gains on non-financial fixed assets and exceptional income
- Income (i.e. sale price) from disposal of other fixed assets (excluding transfer of players) or exceptional results
- Financial income
- Positive gains on disposal of financial instruments

7. EBITDA b/T or EBITDA before Transfers (Gross Operating Profit before Transfers):

It is defined as EBITDA a/T, excluding gains from the sale of intangible sports assets (mainly "Results from Transfers" of players) or the impairments/reversals of their value.

Alternatively, it can be calculated as NT, plus other operating income, less OPEX.

8. EBITDA a/T or EBITDA after Transfers (Gross Operating Profit after Transfers):

LaLiga defines this expression as the Operating Result (EBIT), before (excluding):

- Impairment and reversals on sports intangible assets (players)
- Depreciation and amortisation on fixed assets
- Results from regularisation of capital grants received for non-financial fixed assets
- Impairment/reversal and gains or losses on disposal of other non-financial fixed assets (infrastructure and others)
- Losses, impairment and changes in provisions for commercial operations
- Credits and charges due to changes in inventories
- Work carried out for the entity
- Excess provisions
- Other results and accounting conventions that involve credits or charges at an operational level, without having an impact on treasury movements

The concept therefore includes the "Results from Transfers" of players (strictly the derivative of the transfers executed, but not other potential impairments or accounting revaluations made to the value of these assets).

Alternatively, it can be calculated as EBITDA b/T plus Results from Transfers.

The acronym "EBITDA" stands for "earnings before interest, taxes, depreciation and amortisation" (and other accounting conventions).



9. OPEX

Operating expenses, made up of the headings:

- Procurements
- Non-sports personnel wages
- Sports personnel wages
- Other operating expenses

Other operating expenses / charges are not part of OPEX.

10. Total Expenses:

This basically includes all charges to the income statement (P&L):

- Procurements (OPEX)
- Non-sports personnel (OPEX)
- Sports personnel (OPEX)
- Other operating expenses (OPEX)
- Cost of sale of players (transfers) net book value of fixed assets derecognised when divesting in an intangible sports asset
- Impairment on fixed assets
- Icosses on other non-financial fixed assets and exceptional expenses
- Other operating expenses
- Depreciation of players
- Depreciation of other assets
- Other results and conventions with a negative sign (losses)
- Financial expenses
- Impairment losses and losses on disposal of financial instruments
- Corporation Tax

11. EBIT:

It is defined in this Report as the net operating results.

It therefore includes the "Results from Transfers" of players, as well as the capital gains and losses from the disposal of other non-financial fixed assets, the depreciation of the fixed assets, the net allocation of provisions, and the gains or losses for impairments or reversals of the book value of operating assets, as well as other accounting conventions at an operational level (e.g. gains or losses from changes in inventories, regularisation of capital grants received, etc.). In addition, it incorporates all operating adjustments not included in EBITDA a/T listed in the corresponding heading.

The acronym "EBIT" stands for "earnings before interest and taxes", (comparable to formal operating income in Spanish GAAP).

12. Net Operating Investments (CAPEX):

Net operating investment (i.e. considering investments - divestments) made in the year. The acronym "CAPEX" stands for "Capital expenditure" and refers to the annual net investment in operating fixed capital.

Where the Report refers to gross operating investment (not including divestments) or net (including divestments), it refers to gross CAPEX or net CAPEX accordingly.

13. Net operating working capital (WK)

Equivalent to net investment in operating working capital. It is defined as the net change (asset – liabilities) in non-current (i.e. short-term) non-financial assets (therefore strictly operating headings).

14. Net Operating Assets (NOA) – or capital employed –:

Equity balance or stock, at the end of each year, of net operating capital employed according to the Balance Sheet, which includes specifically:

- With a positive sign:
 - Sports intangible assets
 - Non-sports intangible assets
 - Property, plant and equipment
 - Investment property
 - Deferred tax assets
 - Inventories
 - Trade debtors (customers and other operating current assets)
 - Short-term accruals of assets
- With a negative sign:
 - Trade creditors (suppliers and other current operating liabilities)
 - Short-term and long-term provisions
 - Short-term accruals of liabilities
 - Deferred tax liabilities

NOA - or capital employed - includes the assets assigned to the regular operations of the clubs and which induce operating profit (EBIT) in the Profit and Loss Account, and ultimately Free Cash Flow. All assets and liabilities of a financial nature and all equity are excluded. This capital employed grows well because the net investment in fixed operating capital (CAPEX) or net investment in working capital (WK) grows.



15. Operating profit (ROIC):

An acronym that stands for "return on invested capital" and refers to the profitability of the business, or the accounting performance from the operations of the clubs.

It is calculated as the quotient between the annual NOPAT and the average NPA for the year, where:

- NOPAT ("Net operating profit after taxes"). That is to say: EBIT in the period n x (1- tax rate), with tax rate currently 25% in Spain
- Average NOA: (NOA at n-1 + NOA at n) / 2, where 'n' is the end of the current year and 'n-1' is the end of the previous year

Adjusted ROIC is calculated from EBIT without considering "other operating results" (of a more volatile and erratic nature) of the P&L (i.e. adjusted EBIT).

16. Apparent gross financial debt (GFD):

Outstanding balance of current and non-current debt according to the formal classification or epigraphs of the Balance Sheet, according to the audited Annual Accounts of the clubs.

17. Apparent net financial debt (NFD):

GFD minus balances of Cash and Cash Equivalents and short term Financial Investments according to the Balance Sheet of the clubs (it excludes non-current Financial Investments, or long-term – as has occurred until this Financial Report).

18. Adjusted gross financial debt (GFDa):

GFD +/- adjustments of balance sheet items which are not formally classified in the debt headings in the Balance Sheet audited Annual Accounts, but which are relevant to the business of football in general and Spanish professional football in particular. These are:

- With a positive sign (adding to gross indebtedness), on non-current liabilities, long-term accruals of liabilities, and on current liabilities, bankruptcy debts as well as debts for transfer investment in players (accounts payable) formally recorded as trade creditors (and that therefore are not formally included under short-term headings)
- With a negative sign (subtracting from gross indebtedness), on non-current assets, long-term accruals, as well as debtor sports entities for transfer divestment in players (accounts receiveble), both in the short and long term (by analogy to the computation of these headings in liabilities, which are part of debt, preserving the underlying conceptual symmetry)

19. Adjusted net financial debt (NFDa):

GFDa minus balances of Cash and Cash Equivalents and current Financial Investments according to the Balance Sheet (valued prudently, it excludes non-current Financial Investments, or long-term – as has occurred until this Financial Report).

20. Equity Ratio

One of the ways of measuring the aggregated solvency of each grouping. It measures its degree of capitalisation through the ratio between Equity at the end of each season and the total size of the Balance Sheet (Assets or, alternatively, the sum of Net Worth and Liabilities).

21. Weighted Average Cost of Capital (WACC):

It represents the weighted average annual cost of the sources of funding supporting net operating assets (NOA), or capital employed.

Where:

- kd: Annual cost of debt
- kd (1-t): Annual cost of borrowing, net after tax
- t: corporate tax rate (25% in Spain)
- E: Net Equity, according to CAPM
- D: Borrowed funds or debt in the financing structure, at market value
- E / E+D: Proportion of own funds in the financing structure, at market value
- The market value of "D" is taken to be the nominal value of the outstanding debt. The market value of "E" was taken to be a factor equivalent to 2.41x the book value (i.e. accounting net worth), which is the multiple of the end of the 18-19 season of the stock market capitalisation ratios with respect to the equity of European clubs listed on the stock exchange.

The WACC is to the liability & net worth side of the Balance Sheet, what the ROIC is to the asset side (operarting investment stock) of the Balance Sheet (or capital employed).

22. Interest coverage ratio:

It is defined as the annual EBITDA a/T / annual financial burden (i.e. gross financial expenses).

23. CAPM (Capital Asset Pricing Model):

Methodology commonly accepted in the financial markets to objectively determine the reasonable annual cost of equity (ke).

ke = RFR +(
$$\beta$$
 x MRP)



Where:

- RFR (Risk Free Rate): Average annual return on 10-year government bonds (Kingdom of Spain issues), for each of the series (1.31% for the 18-19 season. The current rate is at historically low levels due to the expansionary monetary policy of the European Central Bank, but no adjustment has been made to express this rate in the absence of this extraordinary situation (which according to various international institutions can be estimated at up to 100 additional basis points in the case of countries like Spain)
- β (total or leveraged Beta coefficient): An index that measures the volatility of assets (leveraged) with risk analysed with respect to the market (lbex 35 index of the Spanish Stock Exchange). This is calculated by taking the average of the deleveraged Betas observed for European listed clubs over a representative sample of years and leveraging the funding structure of each LaLiga grouping over time. The adjusted leveraged Beta (according to Bloomberg) observed in the long-term markets (more than 10 years), with weekly data, of all European clubs (UEFA environment) listed on the Stock Exchange has been used, deleveraging with the financing structure of each individual club. The mathematical result seen is a simple leveraged β average of 0.61x (including the Bayesian fit using the Marshall Blume formula: $\beta_{adjusted} = \beta_{observed} \times 2/3 + 1/3 \times 1$) and a deleveraged β of 0.38x. The adjusted leveraged β of the Eurostoxx Football index is 0.62x. As all the teams in the sample are from the respective First Divisions of the different countries, a deleveraged β coefficient of 50% has been considered (i.e. 0.58x) higher for LaLiga SmartBank (Second Division A), to try to substantiate the greater operational or commercial risk (systematic or non-diversifiable risk) intrinsic to this classification compared to the First Division
- MRP (Market Risk Premium): Long-term annual return premium for risk on a diversified portfolio of risky assets (Ibex 35 index) versus RFR. An annual level of 6.0% has been taken as the target MRP throughout the series
- For the purposes of calculating EVA in a fair value context, no additional potential premiums have been considered, in accordance with the provisions of IFRS13
- In particular, potential illiquidity premiums (PIL) have not been considered which investors could eventually contemplate in certain transactional contexts, as the clubs that make up LaLiga are not listed on the Stock Exchange

24. EVA:

Economic Value Added. It measures the annual differential between ROIC and WACC for each year, applied (multiplied) to the net operating capacity (NOA) or capital employed at any given time (average annual balances).

$$EVA = (ROIC - WACC) \times NOA_{m}$$

25. Gross Cash Flow from Operations (FGO):

Cash flow generated by club operations, before net investment in operating working capital (WK) and fixed operating capacity (CAPEX). It is the translation of accounting EBITDA b/T intro cash flows, after tax.

26. Net Cash Flow from Operations (OCF):

It is the FGO after net investment in operating working capital (WK).

27. Free Cash Flow (FCF):

Free cash flow, equivalent to FGO plus net inv estment in operating working capital (WK) and net investment in fixed operating capital (CAPEX). This is the effective operating return generated by the business in the year, regardless of accounting conventions.

28. Recurring free cash flow (FCFr):

FCF, but considering only the CAPEX effort of a recurring nature (not the investment in total operating capacity), according to LaLiga's estimates. The potential operational performance generated by the business can be matched. For the purposes of analysis, the non-recurring CAPEX (in players and other non-financial assets – basically infrastructure) is classified as any amount that exceeds the previous historical average in the series analysed.

29. Adjusted Free Cash Flow (FCFa):

FCF but considering only the net effort in CAPEX in players (without including the investment in other operating assets, such as infrastructure or other operating investments).









It's not football. It's LaLiga.

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