



LaLiga

2016

FINANCIAL REPORT
OF SPANISH PROFESSIONAL
FOOTBALL





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Important notice



As in previous documents, reference is made to five categories throughout this Report in order to distinguish, in the most transparent and truthful way possible, the financial performance of Spanish professional football:

1. **LaLiga Santander:** the First Division of Spanish professional football (20 clubs).
2. **LaLiga 1/2/3:** the Second Division of Spanish professional football (22 clubs).
3. **LaLiga:** the sum of **LaLiga Santander** and **LaLiga 1/2/3** (42 clubs).
4. **Netted LaLiga Santander:** **LaLiga Santander** excluding the two biggest clubs in terms of revenues and magnitudes of the balance sheet (18 clubs).
5. **Netted LaLiga:** **LaLiga** excluding the two biggest clubs in terms of revenues and magnitudes of the balance sheet (40 clubs).

All monetary amounts in this Report are expressed in millions of Euros (M €) unless otherwise stated.



Presentation

Like every year it is my pleasure to present this new edition of the Financial Report of Spanish Professional Football, on this occasion including information on five seasons (2011-12 to 2015-16). Once again the result of this study shows a solid, solvent competition in both the sporting and financial senses.

They have been five consecutive years of rising income, improved earnings and debt reduction, after which the financial and economic indicators of the professional football clubs are in a position that enables us to say that the restructuring process of Spanish professional football is drawing to a close. It is true that there are even now a few clubs the position of which still requires attention and no less true that *LaLiga 1/2/3* needs a few more seasons to consolidate its financial position, but as a general rule the goal has been fulfilled.

Thanks to the commitment of the clubs that have been the driving force behind the process from the beginning, once financial balance has been reached it only remains to consolidate the mechanisms that are now in place and incorporate them once and for all into the working approach that has enabled us to transform the way Spanish professional football is managed.

To highlight some specific results of the analysis, this season we have achieved total revenues of 3,034 M €, surpassing the 3,000 M € barrier for the first time. This has meant increasing the income obtained only five years ago - 2,097 M € - by almost 50%. With respect to the earnings before tax (EBT) obtained by the 42 clubs that took part in the two leagues that comprise the competition, suffice it to say that the figure exceeds 200 M €, also for the first time. To put this achievement into perspective we must remember that in the 2011-12 season in which the series of data analysed in this report begins, the 42 clubs that took part in the same leagues reported an aggregate loss of 135.3 M €.

During the current season, and even before we have the figures for 2016-17 that will clearly demonstrate the extraordinary impact of the marketing plan centred on the audiovisual rights as a consequence of approval of Royal Decree Law 5/2015, the revenues generated by commercial use of said rights have contributed an increase of 270.7 M €, 31.7% more than last season, all made possible due to the management of *LaLiga* having recovered the rights and reorganised the sale of the same.

Along with the upturn in income from audiovisual rights the revenues from *Match Day* have also risen significantly due not only to increased attendance at the stadiums but also to the fact that five Spanish teams took part in the European competitions, three of which made the finals. The increment for this item was 144.0 M €, 23% more than the previous season.

Moreover, with reference to the data for Second Division A (*LaLiga 1/2/3*) another first has been set in this 2015-16 season since this is the first time that this competition has achieved a positive EBT of 14.6 M € successfully crowning a hard-fought come-back that began in the 2011-12 season.

The Net Total Debt figure declined for the fifth consecutive year to end the season at 2,389 M €. Since the 2011-12 season when Net Total Debt stood at 3,224 M €, the clubs have reduced their net indebtedness by 835 M € but - and this is more important - the ratio of debt to recurrent revenues measured through Net Turnover has improved by 50%, from an unsustainable 1.8 in 2011-12 to 0.9 at the end of the 2015-16 season.

Likewise, the debt with the public authorities continues to descend, at an even greater rate than forecast according to the agreed maturities. In particular, the debt with the National Tax Agency (AEAT) and the Regional Tax Agencies has been reduced from 643.1 M € to 222.7 M € and the repayment schedule is fully paid up. By the end of the 2019-20 season the fiscal debt will be residual in nature and recognised in the liabilities of the professional football clubs. And while on the subject of taxes, the contribution of the professional football industry to the State treasury through collection of taxes deserves special mention. Taxes managed on behalf of the state during the 2015-16 season amount to an estimated 1,260.6 M €.

Certain sections that analyse more specialised financial concepts have been included in this new edition of the Report to show the improvements in the sector more convincingly. Therefore, you will find sections that analyse the business margins and profitability of the different competitions by means of financial ratios and other indicators (ROIC, ROE, etc.). With reference to these new analyses I would like to highlight the evidence that Spanish professional football has been systematically generating wealth for the last four years, and that this wealth has been measured by calculating the *Economic Value Added* for the period, resulting in an excellent aggregated net amount of 545.2 M € at the end of 2015-16.

I hope you will enjoy your perusal of this Report and share with me the conviction that the professional football clubs have fulfilled their commitment to enhancing the financial health of the sector, thus removing the distortions induced by the shadow of insolvency from the competition and the playing field.

Best regards.

Javier Tebas Medrano
Presidente de LaLiga





Summary 2015-2016:
considerations on the growth,
solvency and profitability pathway

The 2015-16 season was an extremely successful one for **LaLiga**. The trend that began in the 2011-12 financial year was consolidated and extended. Over the last five years the clubs and sports corporations that comprise Spanish professional football have undertaken gradual and thoroughgoing economic restructuring not only from the point of view of financial profitability but also from the perspective of economic stability and solvency.

For the first time the turnover of **LaLiga** as a whole exceeded 3,000 M €, specifically 3,034.0 M €, a growth rate of +15.9% compared to the previous season. *EBITDA* reached 689.8 M € (+17.0%) which represents a margin of 27.0% over Net Turnover. If certain accounting formalities and other non-recurring outcomes are ignored, *EBITDA (adjusted EBITDA)* would stand at 781.8 M € (+24.0%), which would extend the operating margin to 30.6%.

EBIT developed along similar lines to reach 272.1 M € (+39.6%), thus consolidating an operating margin of 10.6%. Earnings before taxes (*EBT*) totalled 201.2 M € (+12.0%) and net earnings - earnings after tax (*EAT*) - was 166.3 M € (+18.7%). It should be noted that the extraordinary financial revenues associated with debt condonation arising from insolvency proceedings and/or debt restructuring of several clubs ended in 2015-16 once the balance sheet restructuring process, mainly of First Division clubs, drew to a close. In short, these outcomes could be described as historic.

At the same time, **LaLiga** made important progress in its financial restructuring process. Total net indebtedness (not only financial but taking all liabilities into account) fell by -276.6 M €, a year-on-year variation of -10.4%, to stand at 2,389.5 M €. This balance is the equivalent of a ratio of 0.9x *Net Turnover* and 3.5x *EBITDA*, far more sustainable debt levels and approaching the established objectives. Net financial debt (debit balances not only with financial institutions but also with other clubs, the Tax Agency and the public authorities) - a definition more comparable with the concept of indebtedness applied by other companies - fell by -532.8 M € in 2015-16, a year-on year reduction of -33.0% and consolidating even lower ratios: 0.4x *Net Turnover* and 1.6x *EBITDA*.

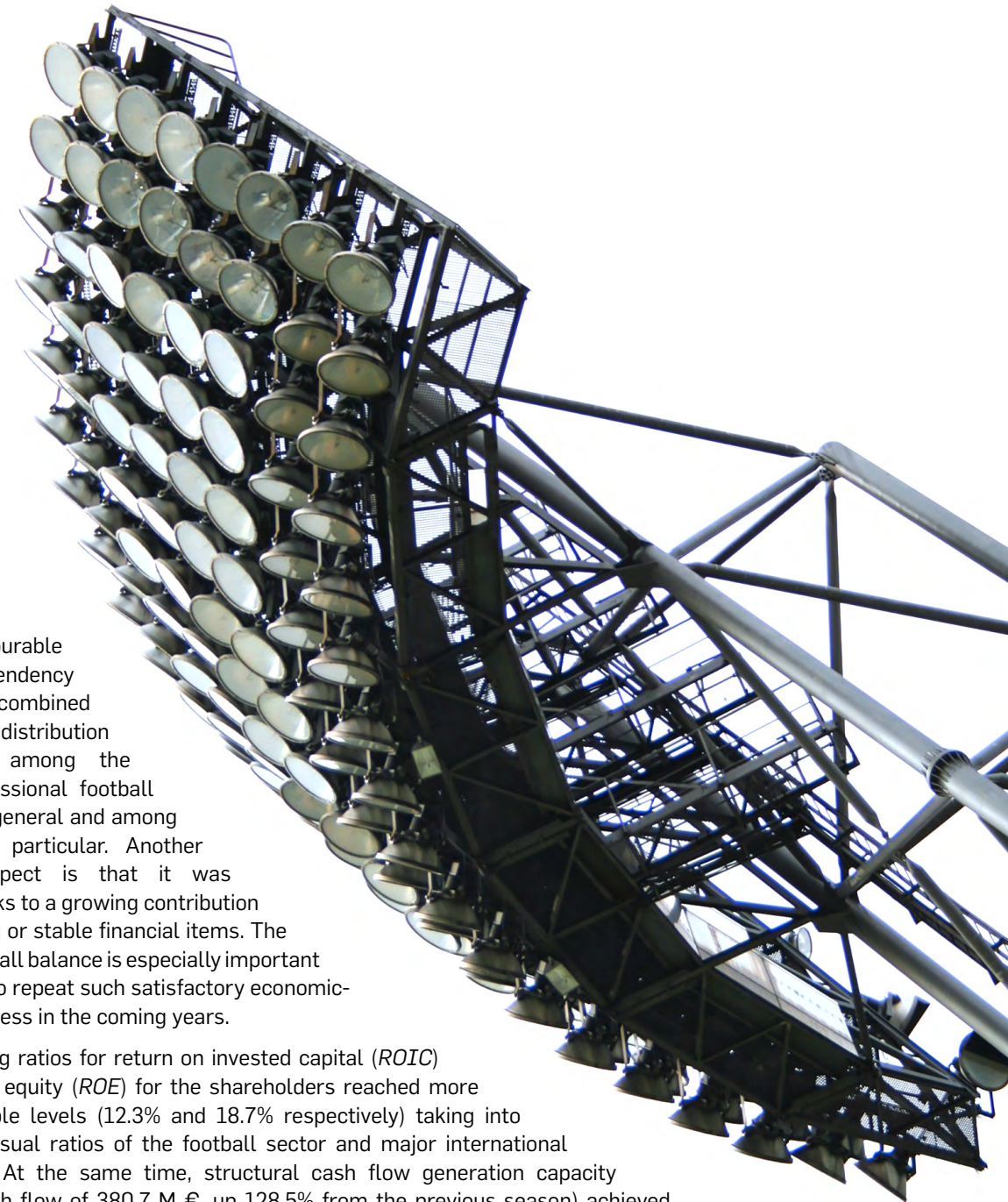
During this season **LaLiga** also notably reinforced its capital and reserves with the addition of 360.6 M € (+50.9%), due to accumulation of the entire positive net book earnings (no dividends were allocated) and to the equity injection resulting from various capital increases. The percentage of Net Asset Value to Total Liabilities reached 24.0%, a capitalisation level that had not been accessible for many years (700 bps above that of the previous season) and which confirms the solvency of the joint balance sheet.

This favourable aggregated tendency has been combined with a better distribution of earnings among the Spanish professional football categories in general and among the clubs in particular. Another important aspect is that it was achieved thanks to a growing contribution from recurring or stable financial items. The enhanced overall balance is especially important to our ability to repeat such satisfactory economic-financial progress in the coming years.

The accounting ratios for return on invested capital (*ROIC*) and return on equity (*ROE*) for the shareholders reached more than acceptable levels (12.3% and 18.7% respectively) taking into account the usual ratios of the football sector and major international competitions. At the same time, structural cash flow generation capacity (operating cash flow of 380.7 M €, up 128.5% from the previous season) achieved a higher profile among the earnings. All the above was accomplished with a descending weighted average capital cost (*WACC*) of around 4.3% due not only to the better financial health of **LaLiga**, but also to the exceptional current macroeconomic conditions and the favourable behaviour of the markets.

These factors lead to the generation of an economic value added (*EVA*) surplus (132.4 M €) in 2015-16 which intensifies the trend of economic value creation that can be observed over the last four seasons (cumulative *EVA* of 376.6 M €).

In short, these results enable **LaLiga** to look forward to a promising future in which the main challenges, once the bases of the restructuring and equity balance have been achieved, will be centred around the growth and value creation vectors. In the medium term, with a view to the next five years, the objective will be to position **LaLiga** not only in the forefront of the great national football leagues but also as a clear leader in the economic-financial aspects.





Consolidation
of business growth

The 2015-16 season has exceeded all expectations and is a historic financial year due to the fact that revenues passed the 3,000 M €¹ barrier for the first time. The combined turnover of the clubs and sports corporations that comprise the First Division (*LaLiga Santander*) and the Second Division (*LaLiga 1|2|3*) achieved an aggregate of 3,034.0 M €, an annual increase of 416.7 M € (+15.9%) and maintains the strong growth rate recorded in the previous year. Furthermore, these earnings, at 937.0 M € (+44.7%), consolidate the progress made since the 2011-12 season and represent the equivalent of a compound annual growth rate (CAGR²) of +9.7% for the period.

LaLiga 2015-16, total revenues

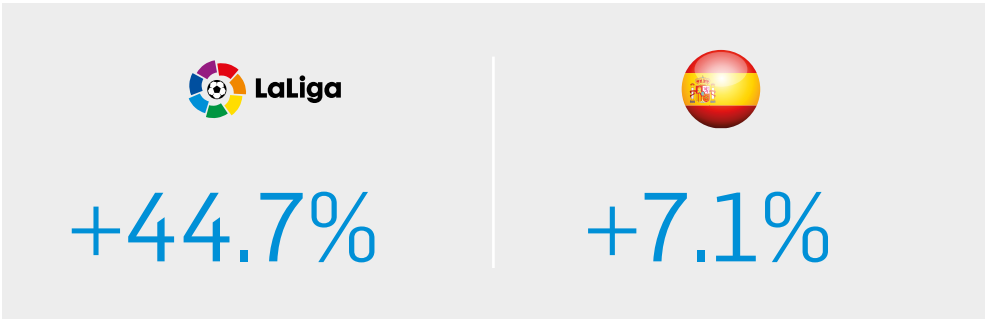


In this same period of five years the total accumulated variations in Spain's GDP was +7.1%, which means that the CAGR rate was +1.7%³.

Average annual growth (4 years)



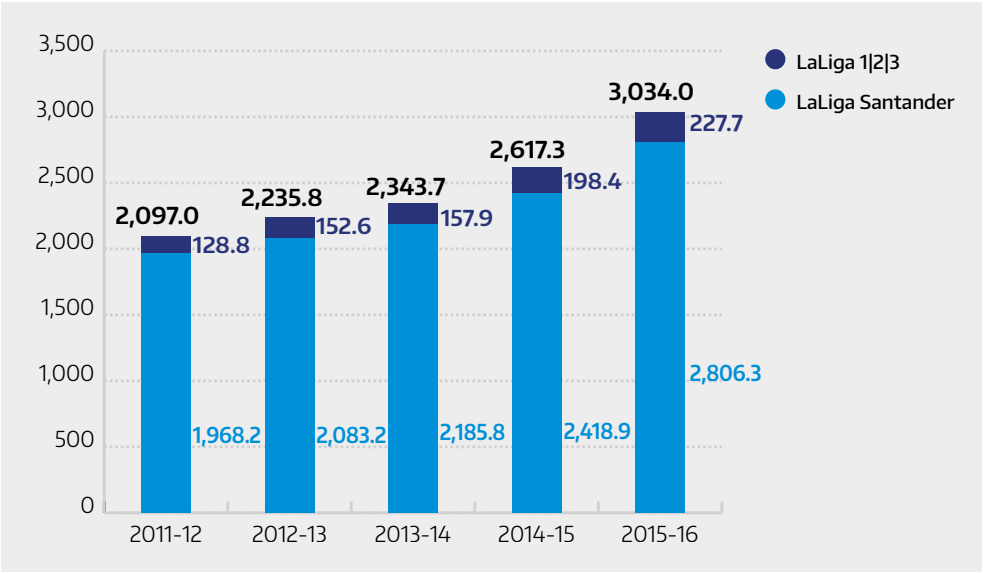
Total accumulated growth (4 years)



This commendable performance of *LaLiga* is evidence, in addition to the favourable juncture for Spanish professional football, of the growing importance of the game in the Spanish economy as a whole⁴.

Of the total revenues recognised by *LaLiga*, 2,806.3 M € (92.5%) were generated by *LaLiga Santander* and 227.7 M € (7.5%) by *LaLiga 1|2|3*. These magnitudes confirm the weight of these divisions to the total already observed in the previous season.

LaLiga • Total revenues



LaLiga Santander, LaLiga 1|2|3 and LaLiga • Revenues

Revenues	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
LaLiga Santander	1,968.2	2,083.2	2,185.8	2,418.9	2,806.3	+9.3%	+42.6%
Var. anual %	-	+5.8%	+4.9%	+10.7%	+16.0%	-	-
LaLiga 1 2 3	128.8	152.6	157.9	198.4	227.7	+15.3%	+76.8%
Var. anual %	-	+18.5%	+3.5%	+25.7%	+14.8%	-	-
LaLiga	2,097.0	2,235.8	2,343.7	2,617.3	3,034.0	+9.7%	+44.7%
% Y-o-Y variation	-	+6.6%	+4.8%	+11.7%	+15.9%	-	-

Analysing each category separately it can be seen that *LaLiga Santander* has achieved revenues of 2,806.3 M €, up 838.1 M € from the 2011-12 season, which represents an accumulated variation of +42.6% and a CAGR for the period of +9.3%. If last season is taken as the reference, revenues increased by 387.4 M €, a year-on-year variation of +16.0%.

¹ All amounts in this Report are expressed in millions of euros (M €).

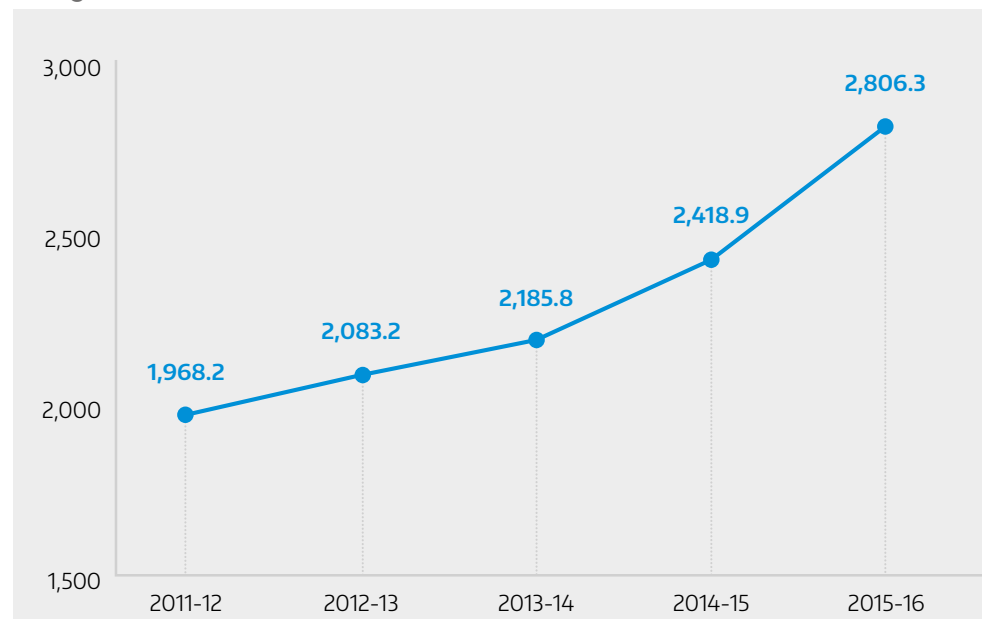
² The CAGR, expressed as a percentage, is calculated by the following formula $\left(\frac{Value_n}{Value_o}\right)^{\left(\frac{1}{n}\right)} - 1$ Where n is 4 (i.e. the equivalent of 5 full financial years)

³ Source: National Institute of Statistics (INE). Gross Domestic Product of Spain at market prices (mp) at the end of each reference period of five years (2012-2016).

⁴ The final section of this Report is devoted to the contribution of professional football to Spain's GDP.

LaLiga Santander • Total revenues

Graph 2

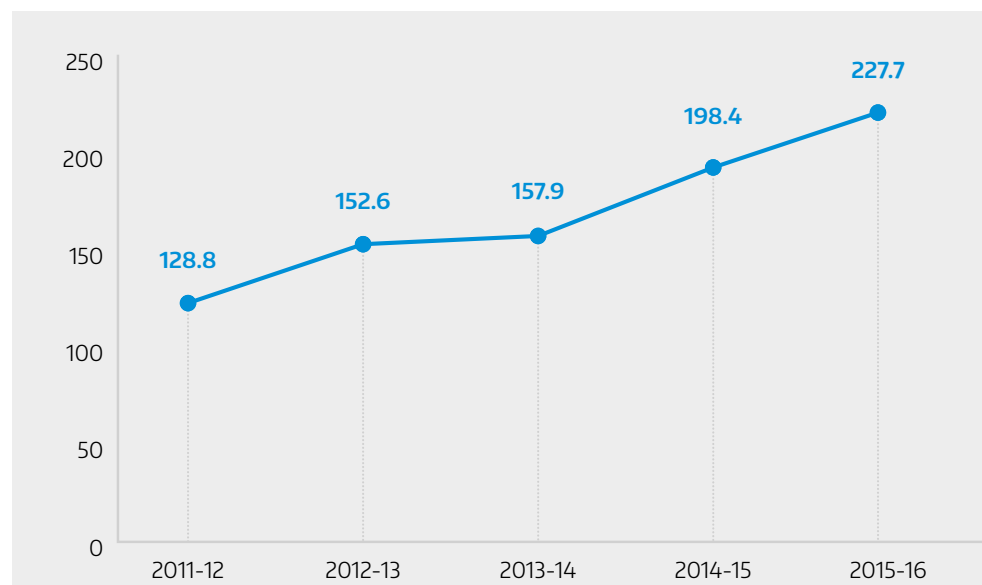


With respect to the Second Division, **LaLiga 1/2/3** achieved total revenues of 227.7 M €, an increase of 98.9 M € with respect to the 2011-12 season to give a total variation of +76.8% and a CAGR of +15.3% for the period. Compared to the 2014-15 season, revenues for 2014-15 increased by 29.3 M €, a year-on-year variation of +14.8%.

This notable increase in the business results of **LaLiga 1/2/3** has enabled it to increase its relative weight since it now accounts for 7.5% of the total income generated by professional football in Spain, while in the 2011-12 season it contributed only 6.1%. Although this contribution by the Second Division is modest, it does show the success of the strategy to change the trend and build two competitive and attractive categories which, in addition, will ensure the financial stability of the clubs and sports corporations that comprise them.

LaLiga 1/2/3 • Total Revenues

Graph 3



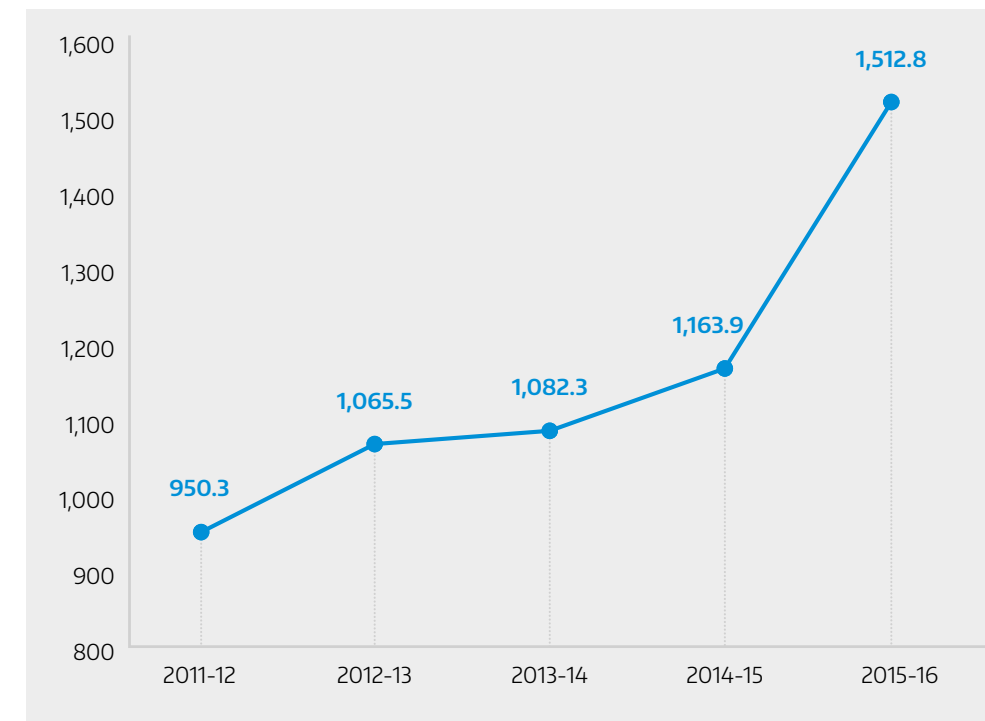
As in previous studies, mention will be made in this Report of two other categories: **Netted LaLiga Santander** and **Netted LaLiga**. They refer to adjusted groupings of clubs in which the two teams with the highest volume of revenues and biggest balance sheet dimensions have been excluded. Thus while 20 clubs participate in **LaLiga Santander**, the group called **Netted LaLiga Santander**, contains only 18 clubs. And while **LaLiga** refers to the 42 clubs that take part in Spanish professional football, the group called **Netted LaLiga** consists of only 40 of said clubs. In the last analysis, the aim is to illustrate the variations in the competition apart from the two biggest and most financially dominant clubs. These institutions report revenues, earnings and balance sheets with dimensions that clearly exceed those of the other clubs. Removing them from consideration in the aforesaid categories enables us to reach conclusions more representative of the economic progress of Spanish football.

As will be seen below, **Netted LaLiga Santander** also increased its revenues for the 2015-16 financial year, ending the season at 1,512.8 M €. Compared to the 2011-12 season, revenues rose by 562.5 M € which represents a total variation of 59.2% and a CAGR of 12.3%. With respect to last season the rise amounted to 348.9 M €, a year-on-year variation of +30.0%.

These are very significant magnitudes since they point to a considerably better relative performance as regards revenues of the abridged group of clubs with respect to the “big two” both over the entire period under study and over the last year. This aspect is vital to the possibility of building a more balanced competition in the future from both the sporting and financial viewpoints.

Netted LaLiga Santander • Total Revenues

Graph 4

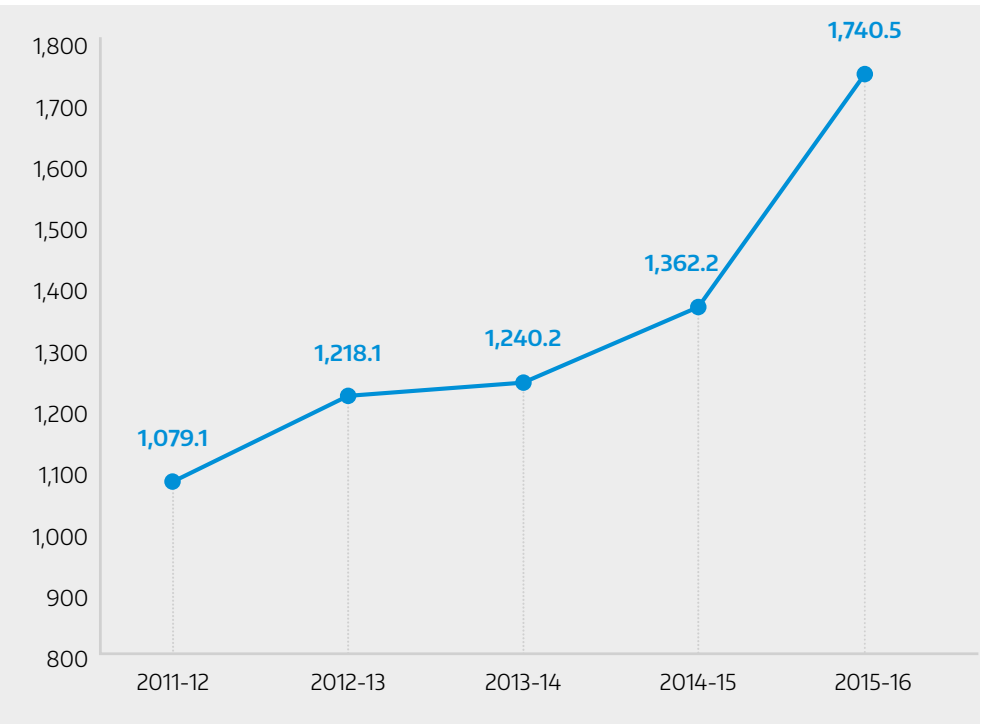


Netted LaLiga Santander • Revenues

Revenues	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Netted LaLiga Santander	950.3	1,065.5	1,082.3	1,163.9	1,512.8	+12.3%	+59.2%
% Y-o-Y variation	-	+12.1%	+1.6%	+7.5%	+30.0%	-	-

Netted LaLiga, which is the sum of **Netted LaLiga Santander** and **LaLiga 1|2|3**, also reported a remarkable increase in revenues for the 2015-16 season with respect to both the period under study (2011-12) and to the previous season (2014-15), having reached 1,740.5 M €. Compared to the 2011-12 season, total revenues of **Netted LaLiga** rose by 661.4 M € which represents a total variation of 61.3% and a CAGR of +12.7%. With respect to the 2014-15 season the rise amounted to 378.2 M €, a total variation of +27.8%.

Netted LaLiga • Total revenues



Netted LaLiga • Revenues

Revenues	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Netted LaLiga	1,079.3	1,218.1	1,240.2	1,362.2	1,740.5	+12.7%	+61.3%
% Y-o-Y variation	-	+12.9%	+1.8%	+9.8%	+27.8%	-	-

In short, development of the capacity of **LaLiga** to generate revenue was outstanding both last season and over the entire period of five years. In relative terms, business growth was greater in the Second Division (**LaLiga 1|2|3**) than in the First Division (**LaLiga Santander**). It was also more evenly spread, which has enabled a certain convergence of all clubs comprising **LaLiga Santander** with respect to the two biggest teams, and this in turn enables a better allocation of the business.



CAGR (4 years) of total revenues: greater convergence and better allocation of the business

LaLiga	+9.7%
LaLiga Santander	+9.3%
LaLiga 1 2 3	+15.3%
Netted LaLiga Santander	+12.3%
Netted LaLiga	+12.7%



Significant changes in
the driving force behind
revenues



NET TURNOVER

The aforesaid increase in the volume of business in the 2015-16 season compared to the 2014-15 season was generated by a substantially different income generation model from that of the previous period. In this financial year the excellent performance of Net Turnover⁵ is mainly based on a significant increase in revenues from *broadcasting* and *Match Day*, items that also have the most weight in the aggregated revenues (together they contribute 74.1% of Net Turnover and 62.5% of total revenues). These two business sources have replaced *Sponsorship and Transfers*⁶ (only the first head is included under Net Turnover) from last year and *Transfers* and *Other Revenues* (heads that do not form part of Net Turnover) that were the driving forces of growth in previous financial years.

The growth of revenues from *Broadcasting* can be explained by the repurchase by **LaLiga** of the audiovisual rights from the clubs through bilateral agreements which then enabled signature of a new agreement on joint sale of the television rights. The latter negotiation, closed in 2015, is a new departure in Spanish football and will entail 700 M € in additional revenues per season for the clubs compared to previous seasons and will enter into effect in the present 2016-17 season. It also entails a vast qualitative step forward with respect to distribution of the resulting revenues between the clubs and change to a much more solid negotiating base. It should therefore contribute to consolidating the rise in the clubs' earnings that began in 2011-12 and to the culmination of their financial and asset restructuring processes which can generally be considered to have been achieved by the end of the 2015-16 financial year.

As for the growth of revenues from *Match Day*, it can be attributed to the sporting success of Spanish teams in international competitions. In the 2015-16 season five Spanish teams took part in the *Champions* League and four in the *Europa League*. Of these, three reached the finals of their respective competitions and two went on to win the top European championships. All this provides a considerable boost to the competition-related revenues of the clubs involved that made a positive contribution to the consolidated position of **LaLiga**.

Likewise, on analysis of the items that comprise the *Net Turnover* of **LaLiga**, it can be seen that while income from *Broadcasting* and *Competitions* increased in 2015-16 by 270.7 M € (+31.7%) and 144 M € (+23.0%) respectively, the *Sponsorship* item, the main driving force of growth in the previous season, achieved more modest but still significant gains of 54.9 M € (+10.8%). *Publicity* also showed strong growth totalling € 16.9 M € in revenue, a rise of +20.2% over the previous season.

As a whole, *Net Turnover* increased by € 736.9 M € between the 2011-12 and 2015-16 seasons which represents a variation in of +40.5% and a compound annual growth rate (CAGR) of 8.9% for the period. If we compare last season with 2014-15 the increase is 486.5 M €, a significant year-on-year variation of +23.5% that continues the growth path experienced in previous years precisely in the most stable and structured areas of the football business: those that comprise Net Turnover.

Closer analysis confirms that of all the items comprising Net Turnover, the biggest revenue increase for **LaLiga** was due to income from *Broadcasting*. This head, the leading contributor to Net Turnover with a weighting of 44.0%, has achieved a compound annual growth rate (CAGR) of +11.5% since the 2011-12 season, increasing its turnover in absolute terms by 396.5 M € (+54.4%). Much of this growth (an absolute increase of 270.7 M € in a single season that represents a year-on-year growth rate of +31.7%) is attributable to the reasons given above. This can now be considered the main driving force behind the growth of Spanish professional football. This is even more evident in view of the boost in revenue in coming seasons due to entry into force of the new television rights framework this year (2016-17) It should be noted that estimated total income for the current season under this head is 1,400 M €, with which revenue from Broadcasting will have practically doubled over a period of six years.

Revenues from *Match Day* are also an important source of income for **LaLiga**. Once again the variation for the period has been most satisfactory with an absolute increase in turnover of 170.4 M € (+28.4%), the equivalent of a CAGR of 6.5% from 2011-12. This positive variation has a lot to do with the football performance in the 2015-16 season in which the sporting success of Spanish clubs in European competitions boosted revenues by 144.0 M €, an annual increase of 23.0%.

Without equalling the growth rate achieved in the 2014-15 season, the variation in revenues from *Sponsorship* was also significant. In that season the strategic moves of the sponsors of the teams comprising **LaLiga** (in anticipation of the imminent changes to marketing of the television rights) plus approval of the Royal Decree Law on general audiovisual marketing led to an increase in the audience figures or ratings of **LaLiga** and therefore had repercussions on its sponsors that pushed turnover up by 29.2% on an annual basis for the period. This year the increase has been a more modest 54.9 M € which, however, still represents a remarkable year-on-year growth rate of +10.8%. Moreover, in the period under study since the 2011-12 season, increased turnover under this head reached 154.1 M € (+37.9%), the equivalent of a CAGR of 8.4%.

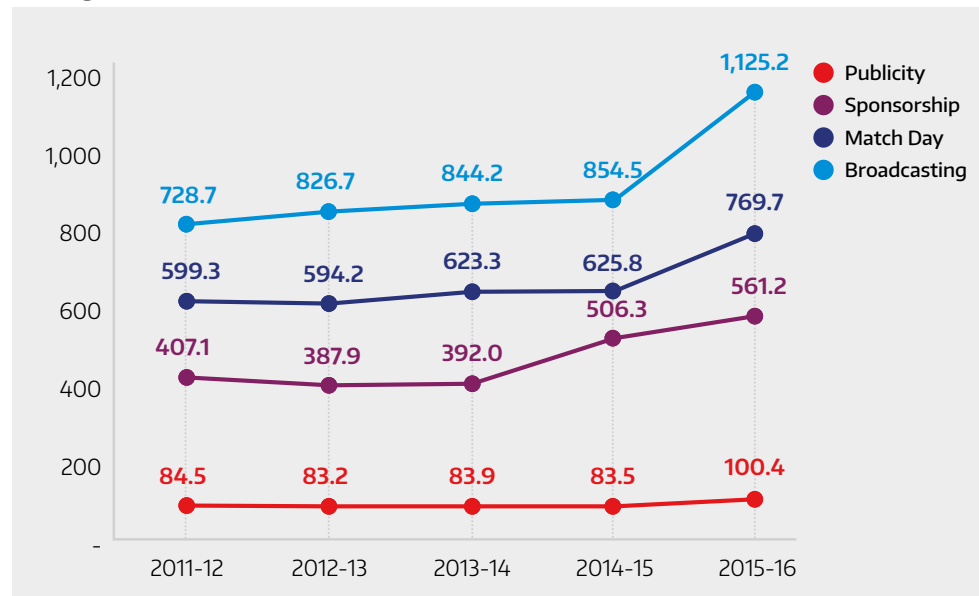
Finally, income from *Publicity*, although its contribution to **LaLiga's** revenues is of minor importance (3.9% of the total weight) has also taken off over the last season (2015-16) after several years of apparent lethargy. Annual turnover grew by 16.9 M € (+20.2%) although the CAGR grew at a rate of only 4.4% over the five financial years that comprise the series. These data show the weakness of this source of income in previous years in which turnover from *Publicity* actually descended in year-on-year terms. However, this head is expected to perform better in the coming years in the light of the higher profile of Spanish football and the general context of economic upturn, since *Publicity* usually reacts to these stimuli in a fairly elastic manner.

⁵ *Net Turnover* is composed of revenues from the core activities: *Match Day* (i.e. revenues from stadiums and competitions) and *Broadcasting, Sponsorship and Publicity*.

⁶ *Transfers* is understood to mean the transfer of players. LaLiga reports this head in net terms, i.e. as the book profit (loss) deriving from said transfers. Had these figures been reported separately (as other international leagues do) - income on one side and expenditure on the other - total revenues of LaLiga would have been higher by +40.9 M € to reach 3,455.1 M € in 2015-16.

Graph 6

LaLiga • Variation in Net Turnover items



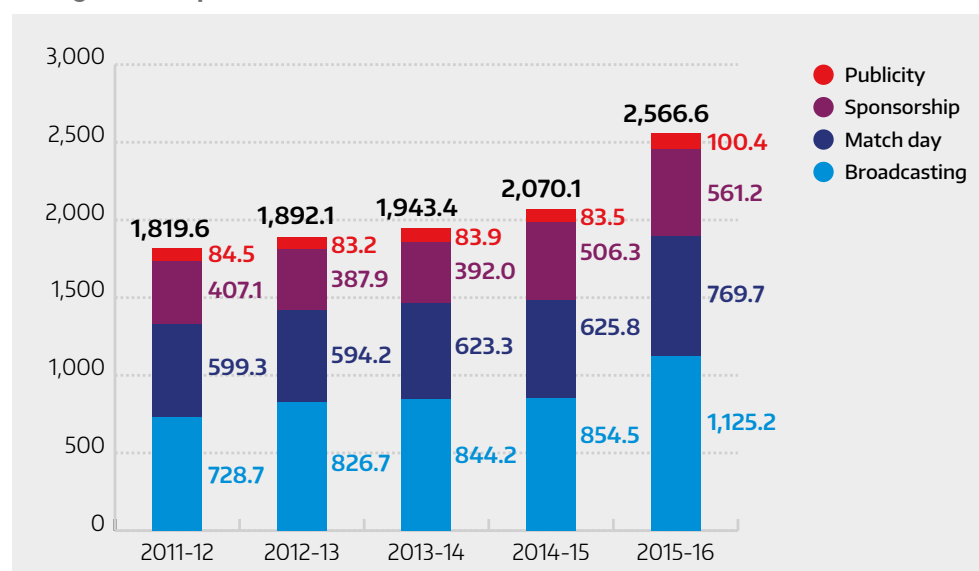
A glance at the variation in *Net Turnover* of the First Division in particular shows that **LaLiga Santander**, like **LaLiga** as a whole, has maintained an upward trend during the entire series. From 2011-12 to 2015-16 *Net Turnover* increased by 669.2 M € (total variation: +38.8%; CAGR: +8.5%). In the last financial year the increase was 455.3 M €, a year-on-year variation of +23.5%.

The variation in the items comprising the *Net Turnover* of **LaLiga Santander** is logically⁷ very similar to that of **LaLiga** as a whole and is explained by the same reasons as those pointed out above:

- Revenues from *Broadcasting* continued to grow throughout the period from 687.4 M € in the 2011-12 season to 1,021.9 M € in 2015-16, i.e. an increase of 334.5 M € (total variation: +48.7%; CAGR: +10.4%). If we compare the 2014-15 and 2015-16 seasons there is an increase of 236.0 M €, the equivalent of a growth rate of +30.0%.
- Income from *Match Day* increased by 168.9 M € over the entire period (total variation +29.6%, CAGR +6.7%) while last financial year reported an increase of 158.1 M € year-on-year, the equivalent of an annual growth rate of +25.8%.
- Revenue from *Publicity* varied slightly: 13.4 M € for the 2011-12 to 2015-16 period (total variation +19.1%; CAGR: +4.5%) with an outstanding upturn of 11.5 M € (+ 15.9%) in the 2015-16 season with respect to 2014-15.
- Finally, revenues from *Sponsorship* of the **LaLiga Santander** follow the same trend as those of **LaLiga** as a whole, with a downturn in the 2011-12 season that lasted until 2013-14, after which it then recovered, becoming the main driving force of growth in 2014-15 but showing signs of weakness last season (2015-16), although its contribution remains eminently satisfactory. The overall growth from the 2011-12 season to 2015-16 was +152.4 M € (total variation: 38.4%, CAGR: +8.5%) and between the 2014-15 and 2015-16 seasons it reached 56.1 M €, the equivalent of a year-on-year variation of +11.4%.

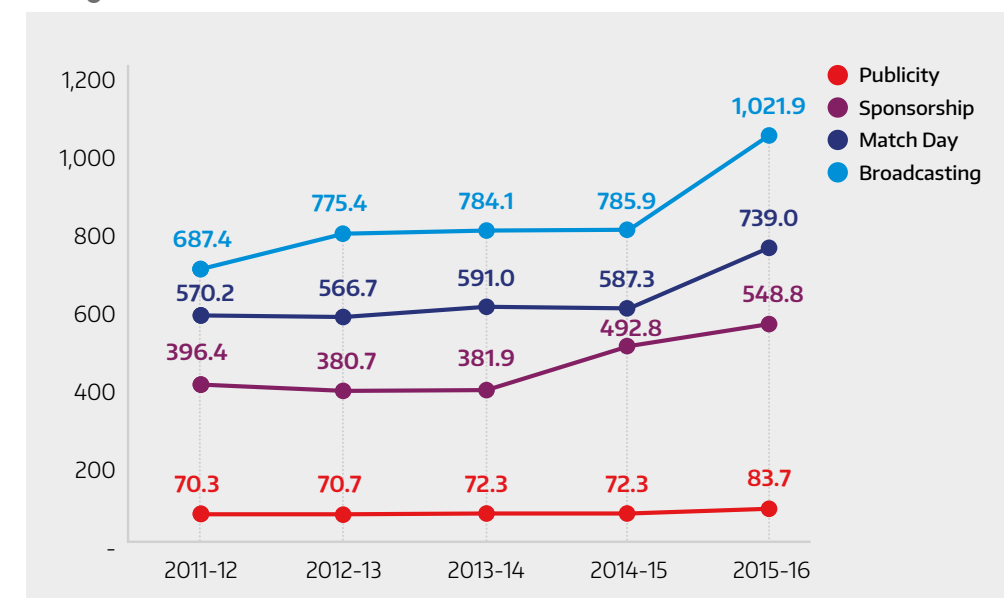
Graph 7

LaLiga • Composition of Net Turnover



Graph 8

LaLiga Santander • Variation in Net Turnover items



⁷ *LaLiga Santander* contributes 93.6% of the total *Net Turnover* of *LaLiga* and 92.5% of its total revenues.

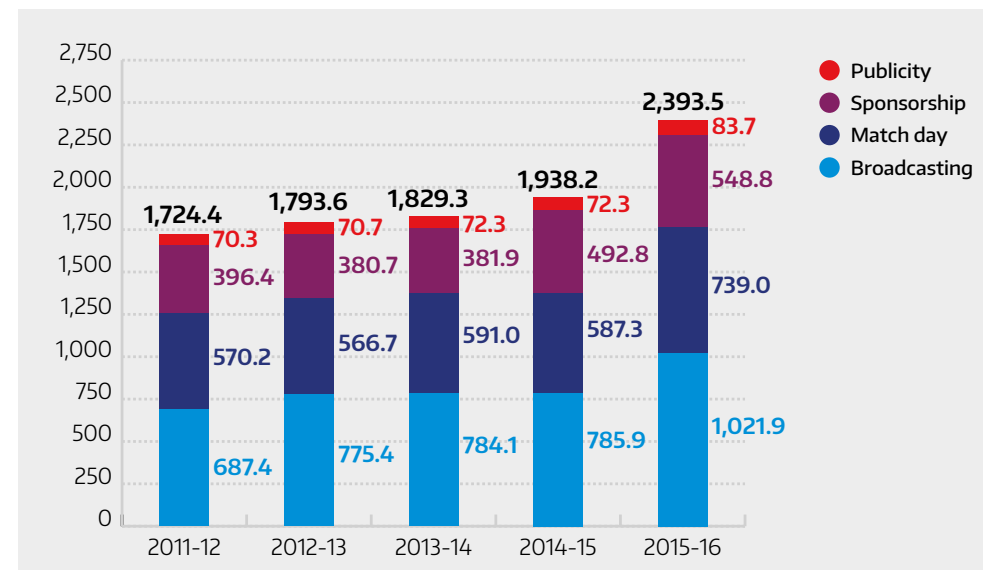
Table 4

LaLiga • Variation in Net Turnover

Net Turnover LaLiga	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Match day	599.3	594.2	623.3	625.7	769.7	+6.5%	+28.4%
Broadcasting	728.7	826.7	844.2	854.5	1,125.2	+11.5%	+54.4%
Sponsorship	407.1	387.9	392.0	506.3	561.2	+8.4%	+37.9%
Publicity	84.5	83.2	83.9	83.5	100.4	+4.4%	+18.8%
LaLiga	1,819.6	1,892.1	1,934.4	2,070.1	2,556.6	+8.9%	+40.5%
% Y-o-Y variation	-	+4.0%	+2.7%	+6.5%	+23.5%		

Graph 9

LaLiga Santander • Composition of Net Turnover



Publicity grew by +48.3% in the 2015-16 season although the total figure is still modest (this growth rate translates into an increment in absolute terms of only 5.4 M €). However, the variation over the entire series of seasons from 2011-12 to 2015-16 has emerged from the red, having fully compensated for the losses from previous years and achieved a total gain of 2.5 M € (total variation: +17.3%, CAGR: +4.1%).

Moreover, income from *Sponsorship* of this category also showed good progress over the series of five years. The 2011-12 season compared to 2015-16 presents a difference of 1.7 M € (total variation: +15.8%, CAGR: +3.7%) after the revenue downturn in 2011-12 and 2012-13. However, in the 2015-16 season revenues decreased by -1.1 M €, a drop of -8.4%.

Finally, revenues from *Match Day* increased by only 1.6 M € (total variation: + 5.4%, CAGR: 1.3%) between the 2011-12 and 2015-16 seasons and comparing the 2014-15 season with 2015-16, the turnover for this item even fell by -7.8 M €, a year-on year reduction of -20.2%.

It must be noted that the unfavourable relative variation in revenues from *Sponsorship* and *Match Day* of the *LaLiga 1/2/3* during the 2015-16 season is mainly due to the relative importance (i.e. the specific turnover) of the teams promoted to First Division, the contributions of which under these heads were not entirely offset by the teams relegated from First to Second division.

Table 5

LaLiga Santander • Variation in Net Turnover

Net Turnover LaLiga Santander	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Match day	570.2	566.7	591.0	587.3	739.0	+6.7%	+29.6%
Broadcasting	587.4	775.4	784.1	785.9	1,021.9	+10.4%	+48.7%
Sponsorship	396.4	380.7	381.9	492.8	548.8	+8.5%	+38.4%
Publicity	70.3	70.7	72.3	72.3	83.7	+4.5%	+19.1%
LaLiga	1,724.4	1,793.6	1,829.3	1,938.2	2,393.5	+8.5%	+38.8%
% Y-o-Y variation	-	+4.0%	+2.0%	+6.0%	+23.5%		

It is worth underlining three aspects of variation in the Net Turnover of *LaLiga 1/2/3*, the Second Division of Spanish professional football, even though in general terms it paints a similar picture to those of *LaLiga* and *LaLiga Santander*.

Firstly, in relative terms the variation in *Net Turnover* is even more positive in *LaLiga 1/2/3* than in *LaLiga Santander*. As has already been pointed out, this is responsible for a certain convergence between the two categories. Throughout the 2011-12 to 2015-16 period, Net Turnover grew by 67.8 M € (total variation: +71.2%; CAGR: +14.4%). Almost half this growth was achieved last season when Net Turnover increased by 31.2 M €, a growth rate of +23.7%.

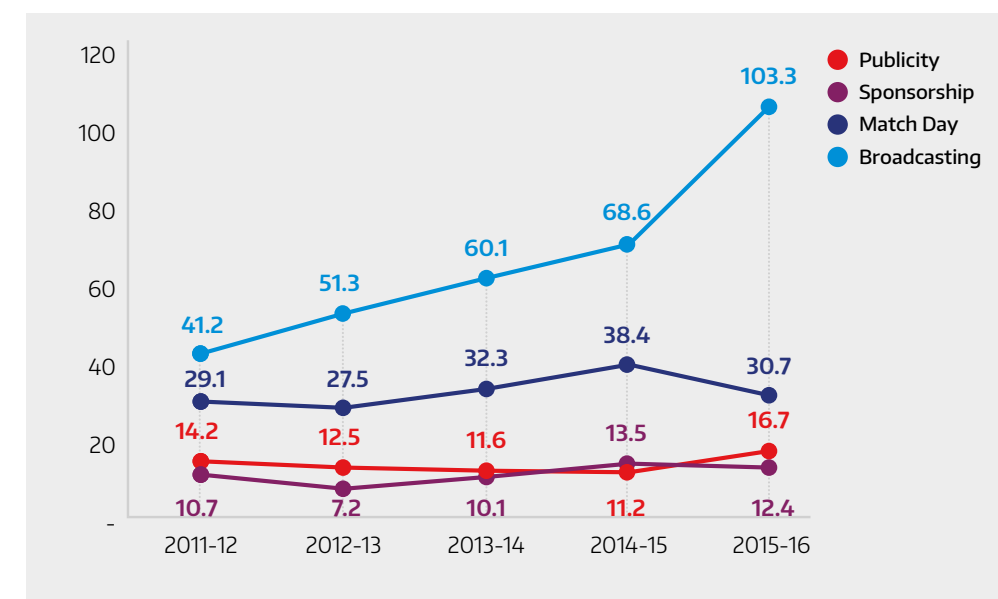
Secondly, most of this positive development that is enabling a gradual convergence in relative terms with the First Division of Spanish football is the result of the satisfactory performance of revenue from Broadcasting. Taking the 2011-12 season as the reference point, revenues had risen by 62.1 M € by 2015-16 (total variation: +150.5%; CAGR: +25.8%), and comparing 2015-16 with 2014-15 the difference is 34.7 M €, a year-on-year variation of +50.6%.

And thirdly, it is worth noting that the variation under the other heads, although generally satisfactory, is more modest.

Moreover, investment in publicity by advertisers in this category is recovering, which is enabling compensation for the decay of this source of income in recent years. Turnover from

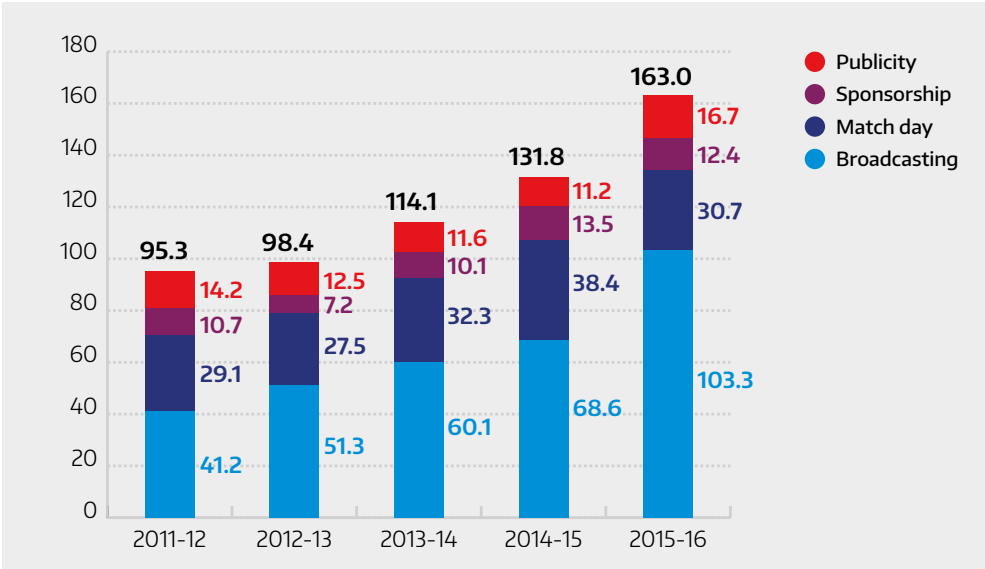
Graph 10

LaLiga 1/2/3 • Variation in Net Turnover items



LaLiga 1|2|3 • Composition of Net Turnover

Graph 11



LaLiga 1|2|3 • Variation in Net Turnover

Table 6

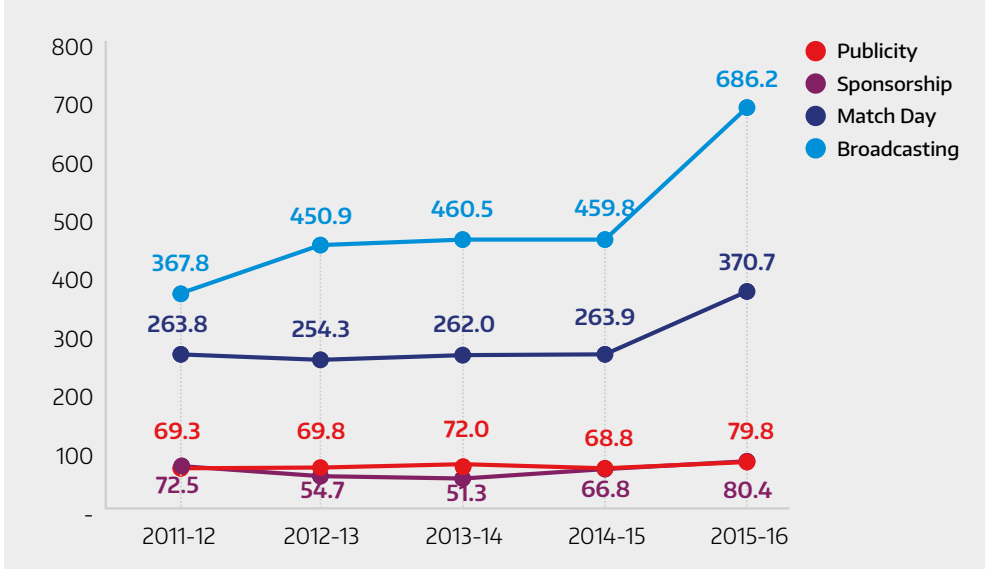
Net Turnover LaLiga 1 2 3	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Match day	29.1	27.5	32.3	38.4	30.7	+1.3%	+5.4%
Broadcasting	41.2	51.3	60.1	68.6	103.3	+25.8%	+150.5%
Sponsorship	10.7	7.2	10.1	13.5	12.4	+3.7%	+15.8%
Publicity	14.2	12.5	11.6	11.2	16.7	+4.1%	+17.3%
LaLiga	95.3	98.4	114.1	131.8	163.0	+14.4%	+71.2%
% Y-o-Y variation	-	+3.3%	+15.9%	+15.6%	+23.7%	-	

To continue with analysis of *Netted LaLiga Santander*, that is, without the two clubs with the highest revenues of the category, it can be observed when comparing the 2015-16 season with the 2014-15 season that all the items comprising *Net Turnover* have grown considerably, especially *Broadcasting* and *Match Day*.

At all events, the increment in *Net Turnover* of *Netted LaLiga Santander*, if last season is compared to 2011-12, is 443.7 M € (total variation: +57.4%; CAGR: +12.0%), and if it is compared to the 2014-15 season the difference is 357.8 M €, a very substantial year-on-year variation of +41.6%.

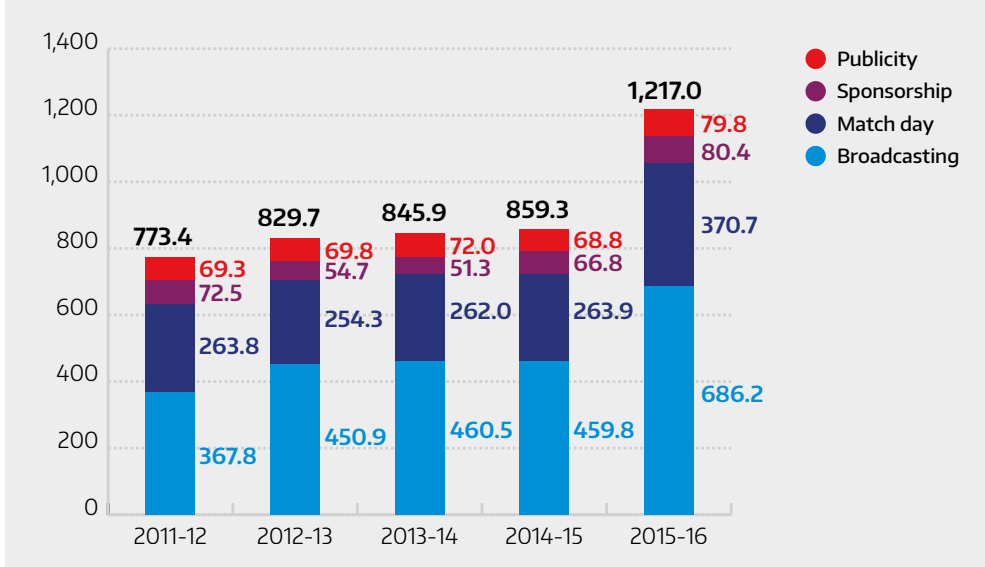
Netted LaLiga Santander • Variation in Net Turnover items

Graph 12



Netted LaLiga Santander • Composition of Net Turnover

Graph 13



Netted LaLiga Santander • Variation in Net Turnover

Table 7

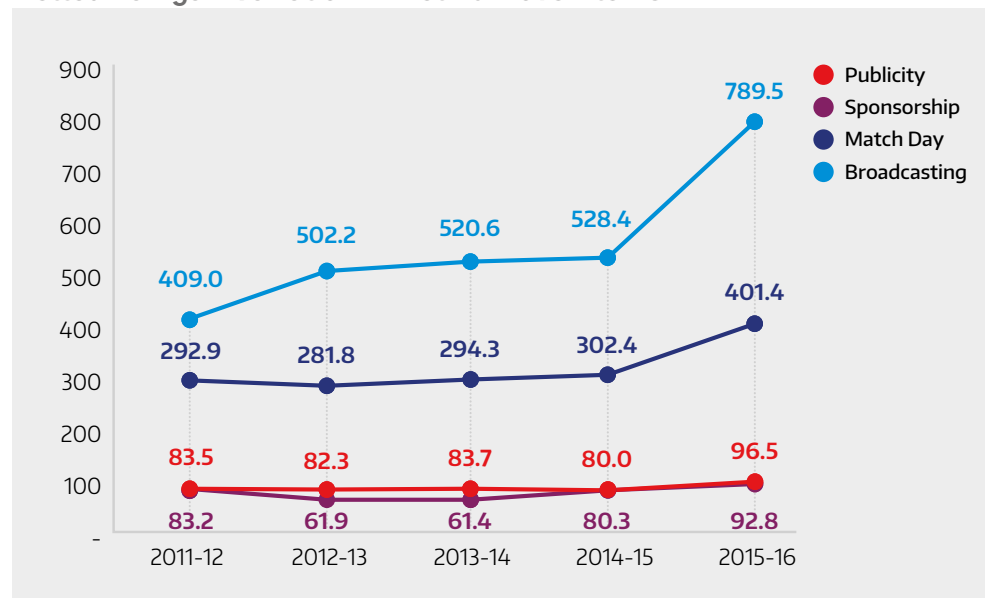
Net Turnover Netted LaLiga Santander	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Match day	263.8	254.3	262.0	263.9	370.7	+8.9%	+40.5%
Broadcasting	367.8	450.9	460.5	459.8	686.2	+16.9%	+86.6%
Sponsorship	72.5	54.7	51.3	66.8	80.4	+2.6%	+10.9%
Publicity	69.3	69.8	72.0	68.8	79.8	+3.6%	+15.2%
LaLiga	773.4	829.7	845.9	859.3	1,217.0	+12.0%	+57.4%
% Y-o-Y variation	-	+7.3%	+2.0%	+1.6%	+41.6%		

Finally, it should be kept in mind that the variation in the *Net Turnover* of *Netted LaLiga* and the items that comprise it in the period under study are, naturally, a combination of the effects explained when dealing with *Netted LaLiga Santander* and *LaLiga 1/2/3* in which, comparing the 2015-16 season with 2014-15, the items showing the strongest growth are once again *Broadcasting* and *Match Day*. *Sponsorship* and *Publicity* also grow but at a slower rate, penalised by the poor performance of both heads in Second Division last season.

The increase in *Net Turnover* of *Netted LaLiga* since the beginning of the period in 2011-12 is 828.0 M € (total variation: +95.3%: CAGR: +12.3%), and comparing the 2015-16 season with 2014-15 it reaches 389.0 M €, a year-on-year variation of +39.2%.

Netted LaLiga • Variation in Net Turnover items

Graph 14



Netted LaLiga • Composition of Net Turnover

Graph 15

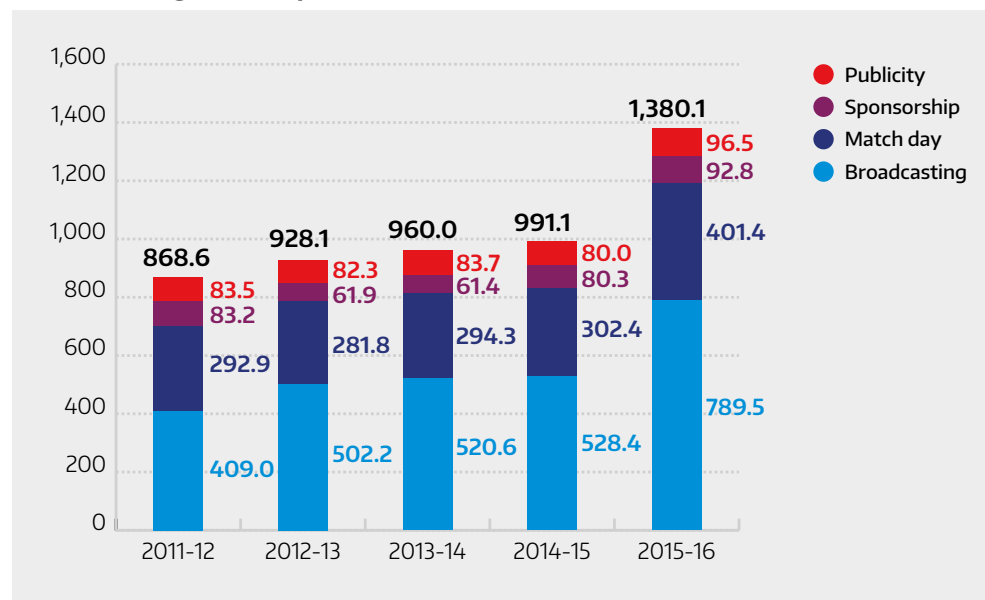


Table 8

Netted LaLiga • Variation in Net Turnover

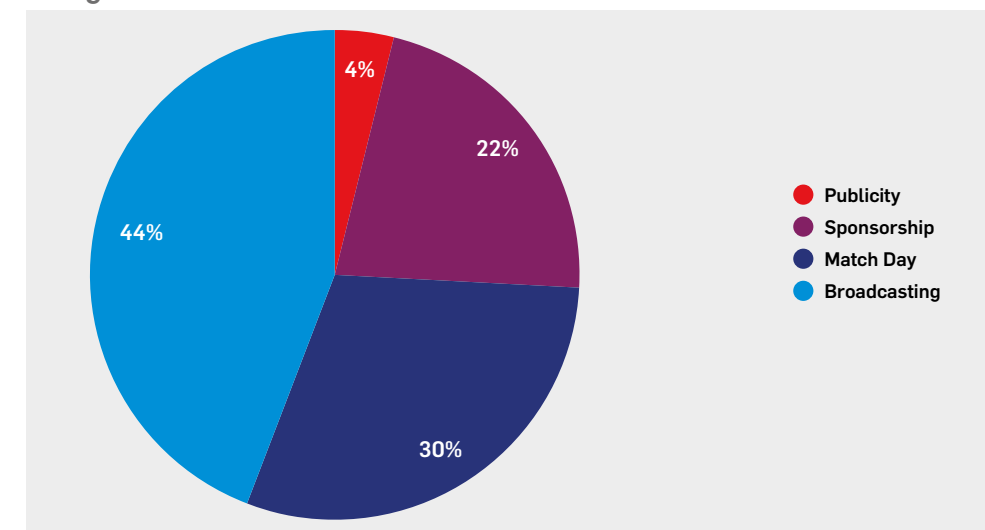
Net Turnover Netted LaLiga	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Match day	292.9	281.8	294.3	302.3	401.4	+8.2%	+37.0%
Broadcasting	409.2	502.2	520.6	528.4	789.5	+17.9%	+170.4%
Sponsorship	83.2	61.9	61.4	80.3	92.8	+2.8%	+11.5%
Publicity	83.5	82.3	83.7	80.0	96.5	+3.7%	+15.6%
LaLiga	868.6	928.1	960.0	991.1	1,380.1	+12.3%	+95.3%
% Y-o-Y variation	-	+6.8%	+3.4%	+3.2%	+39.2%		

A more detailed analysis of the percentage distribution of the various items or contributions to *Net Turnover* will detect, in the graphs associated with *LaLiga* and *LaLiga Santander*, that revenues for *Broadcasting* account for the greatest percentage of *Net Turnover*: 43-44%, followed by *Match Day* at 30-31% and finally *Sponsorship* and *Publicity* with 26-27% between the two items in both categories.

At all events, in spite of the greater importance of *Broadcasting* revenue, the distribution among the various components of recurring billing is quite balanced which bodes well for the stability of *LaLiga's* *Net Turnover*.

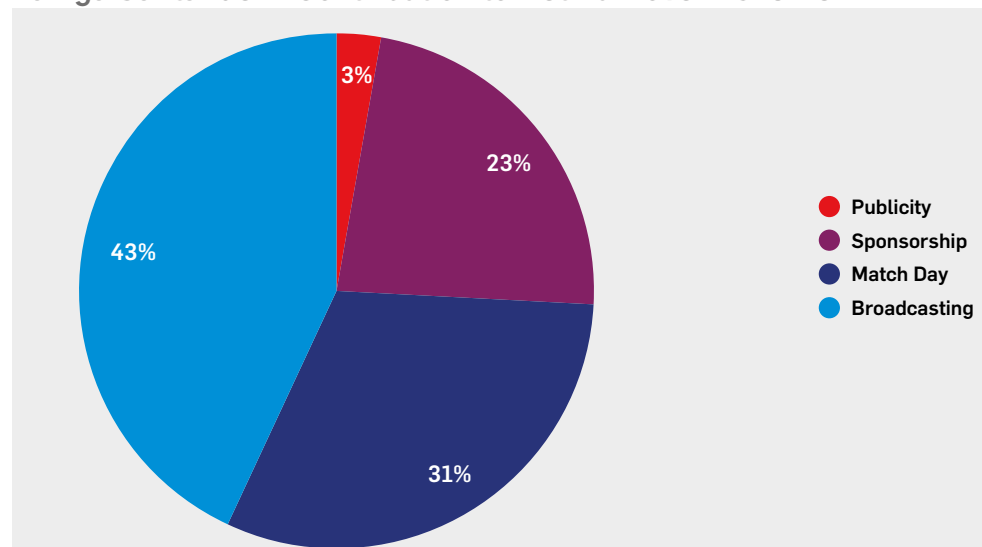
Graph 16

LaLiga • Contribution to Net Turnover 2015-16



Graph 17

LaLiga Santander • Contribution to Net Turnover 2015-16

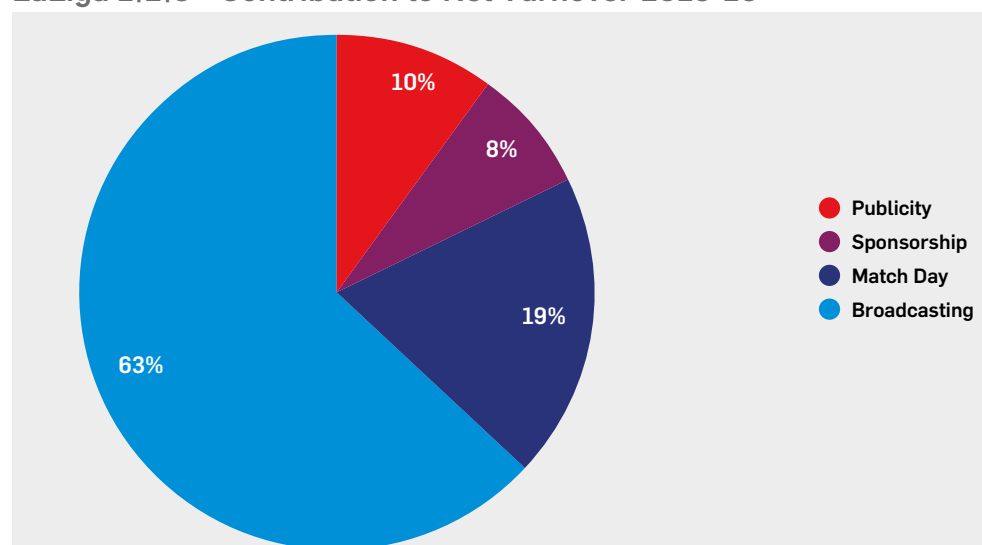


A significant increase in the relative weight of *Broadcasting* is expected in the 2016-17 season as a result of entry into force of the new framework for the sale and marketing broadcasting rights. In the medium term, however, the current growth potential of other heads should enable a balanced distribution of the total earnings.

The distribution of the items comprising the *Net Turnover* of *LaLiga 1/2/3* varies with respect to those of *LaLiga* and *LaLiga Santander* due to the fact that they lack the commercial and advertising strength of the former groupings. Their revenues from *Broadcasting* now account for 63% of their *Net Turnover* while revenue from *Sponsorship* and *Publicity* are reduced to 18% between the two heads. *Match Day* also contributes less revenue (19%) to *LaLiga 1/2/3* with respect to what it contributes to *LaLiga Santander* and, by extension, to *LaLiga*. As already explained, this contribution has been negatively reinforced during last season as a result of the absolute and relative decline in the Second Division's *Sponsorship* and *Match Day* revenues.

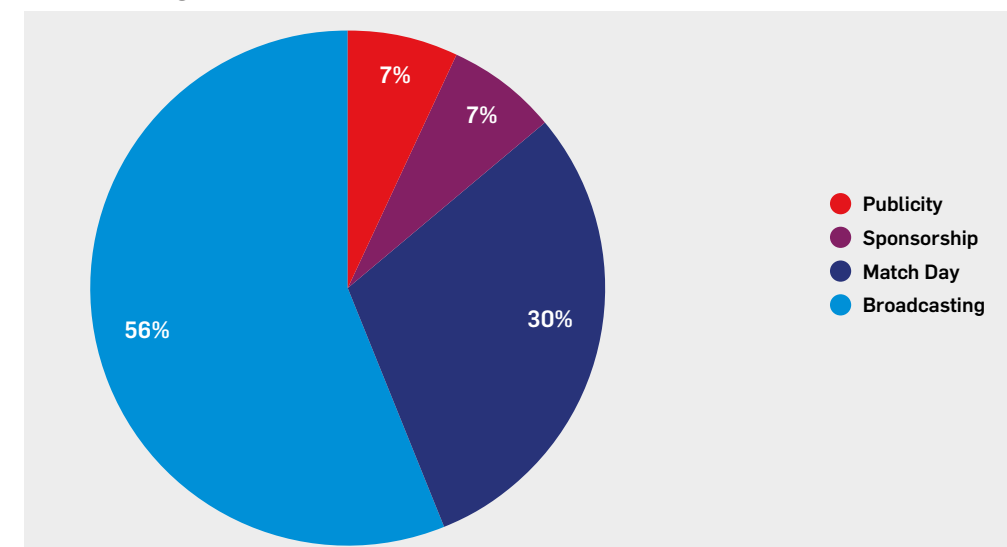
Graph 18

LaLiga 1/2/3 • Contribution to Net Turnover 2015-16



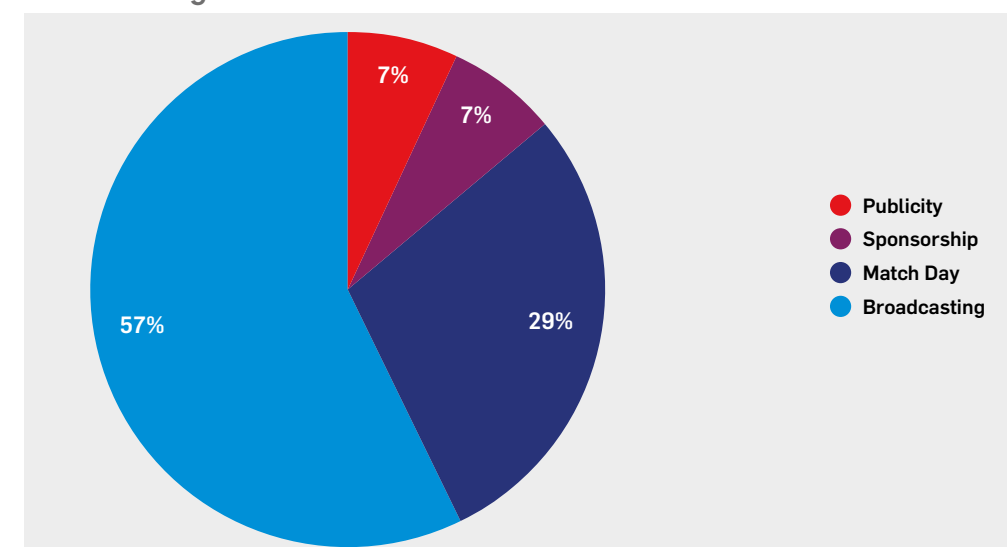
Graph 19

Netted LaLiga Santander • Contribution to Net Turnover 2015-16



Graph 20

Netted LaLiga • Contribution to Net Turnover 2015-16



Logically, the situation described above for *LaLiga Santander* is repeated, though in a somewhat more pronounced manner, when analysing *Netted LaLiga Santander* and *Netted LaLiga*, the groups from which the two clubs with the highest revenues in *LaLiga* have been discarded. In this case, the weight of *Broadcasting* revenue rises to 56-57% and *Match Day* revenue to 29-30%, leaving the *Sponsorship* and *Publicity* heads with a mere 14% of the revenue between them. This underlines the greater relative importance of *Broadcasting* and *Sponsorship* revenues in *LaLiga* and *LaLiga Santander*.

Finally, the following graphs compare the distribution of the *Net Turnover* of *LaLiga Santander* with *LaLiga 1|2|3* and *Netted LaLiga Santander* with *LaLiga 1|2|3*. The aim is to compare the composition of the income of the two Spanish professional football competitions including and excluding the contribution of the two biggest clubs from the calculation of the First Division.

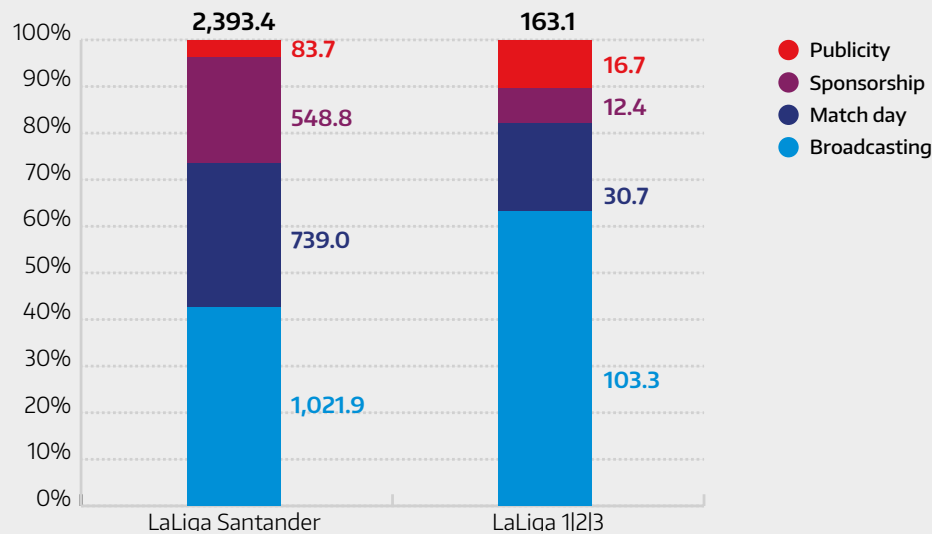
The importance of *Sponsorship* for the teams that generate the most revenues in Spanish football is, above all others, the most significant aspect to emerge from analysis of the two graphs. This relative importance becomes evident on analysis of the distribution of the *Net Turnover* of *Netted LaLiga Santander* (which, as already pointed out, does not include these teams). Here, it is fairly similar in percentage terms - though not in absolute value - to that of *LaLiga 1|2|3*, whereas if all the teams are included and *LaLiga Santander* is compared to *LaLiga 1|2|3*, the distribution is very different due to the impact of the Sponsorship revenues that the two biggest clubs, far more than the others, are capable of generating.

This difference is grounded in the global nature of teams with higher incomes, which endows them with the capacity to attract global sponsors. It is to be hoped *that the distance between these two clubs and the rest will diminish as a result of LaLiga's* internationalisation strategy in the coming years⁸.



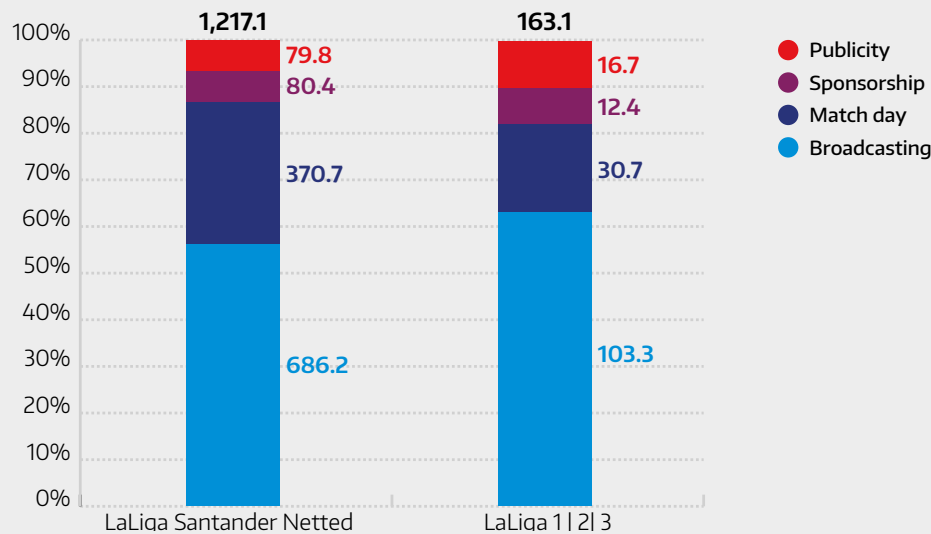
LaLiga Santander vs. LaLiga 1|2|3 • Distribution of Net Turnover 2015-16

Graph 21



Netted LaLiga Santander vs. LaLiga 1|2|3 • Distribution of Net Turnover 2015-16

Graph 22



⁸ Various initiatives, among which LaLiga Global Network takes pride of place, will pursue this objective. This project, which aims to promote LaLiga's image outside Spain, has selected 60 talented young candidates from a field of 12,565 applicants after a rigorous selection process to represent *LaLiga's* interests in a series of strategic global markets.

OTHER REVENUES AND DISTRIBUTION

After analysing the items that comprise the *Net Turnover* and represent the clubs' most stable revenues, we will now turn to an analysis of the remaining items that make up the total income of Spanish professional football: *Transfers and Other Revenues*.

Although they are not considered as an integral part of the ordinary revenues of the clubs and therefore are not formally included in *Net Turnover*, the volume of some of them and their regular contribution to earnings over the years is proof of their relevance to the aggregated business since they are a significant source of economic and financial stability.

The head of revenues from *Transfers* includes the net earnings or profit (loss) obtained by the clubs in transactions involving the federative rights of the players and the economic rights deriving from the same.

On the other hand, the head of *Other Revenues* includes all other amounts for activities not included under any of the heads analysed above, such as the museums of certain clubs, visits to stadiums, catering, subsidies etc., and other non-recurring or extraordinary income.

The first perception that emerges from analysis of these items for *LaLiga* is that the earnings generated by *Transfers*⁹ have been rising year after year since the beginning of the period under study. However, last season there was a change in this trend and income from transfers dropped to 278.3 M € in 2015-16, a fall of -20.2% that represents a decrease of 70.5 M € year-on-year with respect to 2014-15¹⁰. Nevertheless the variation under this head is still positive for the period under study as a whole. The overall increase, comparing 2015-16 with 2011-12, amounts to 138.8 M € (total variation: +99.5%; CAGR: +18.8%). This shows that *LaLiga* remains competitive as a talent-generating group and that it has used this capacity to obtain earnings that enable it to strengthen its financial position. However, once the general restructuring of the clubs has been brought to a successful conclusion the absolute and relative importance of this head for the overall income of *LaLiga* will gradually diminish, as indeed it did last season.

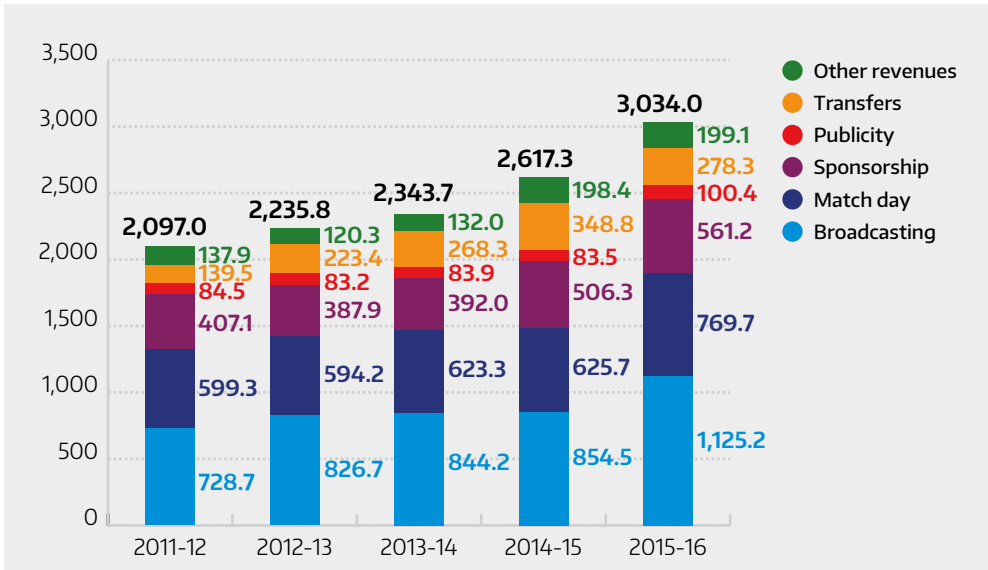
The *Other Revenues* head has also grown significantly over the period under study and although, as we shall presently see when we analyse *LaLiga 1/2/3*, part of these revenues is non-recurring, the increase indicates the success of the effort made by the clubs in their search for alternative sources of income.

If the 2015-16 season is compared to the 2011-12 season, the increase in *Other Revenues* stands at 61.2 M € to reach € 199.1 M € in this last season, a total variation of +44.4% and a CAGR of 9.6% year-on-year. However, a comparison of the 2015-16 season with 2014-15 shows an increase of only 0.6 M €, which represents virtually zero year-on-year variation (+0.3%).

Therefore, the recent variations in both items (*Transfers and Other Revenues*) may signal the beginning of a trend towards a more balanced contribution of these items relative to their weight in the total revenues of Spanish professional football, initiating a gradual convergence towards the levels recorded in the biggest and most profitable professional football competitions worldwide. This would indicate consolidation of the economic-financial changes that *LaLiga* is undergoing and the strengthening of Net Turnover as analysed above. In 2014-15 the combined weight of both heads in total revenues was 21%, dropping to 16%, five percentage points lower, in the 2015-16 season.

Graph 23

LaLiga • Composition of revenues



LaLiga • Variation in Revenues

LaLiga Revenues	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Net Turnover	1,819.6	1,892.1	1,943.4	2,070.1	2,556.6	+8.9%	+40.5%
Transfers	139.5	223.4	268.3	348.8	278.3	+18.8%	+99.5%
Other revenues	137.9	120.3	132.0	198.4	199.1	+9.6%	+44.4%
LaLiga	2,097.0	2,235.8	2,343.7	2,617.3	3,034.0	+9.7%	+44.7%
% Y-o-Y variation	-	+6.6%	+4.8%	+11.7%	+15.9%		

Analysis of *LaLiga Santander* reveals a similar variation in both items, *Transfers* and *Other Revenues*, with respect their declining weight in total revenues.

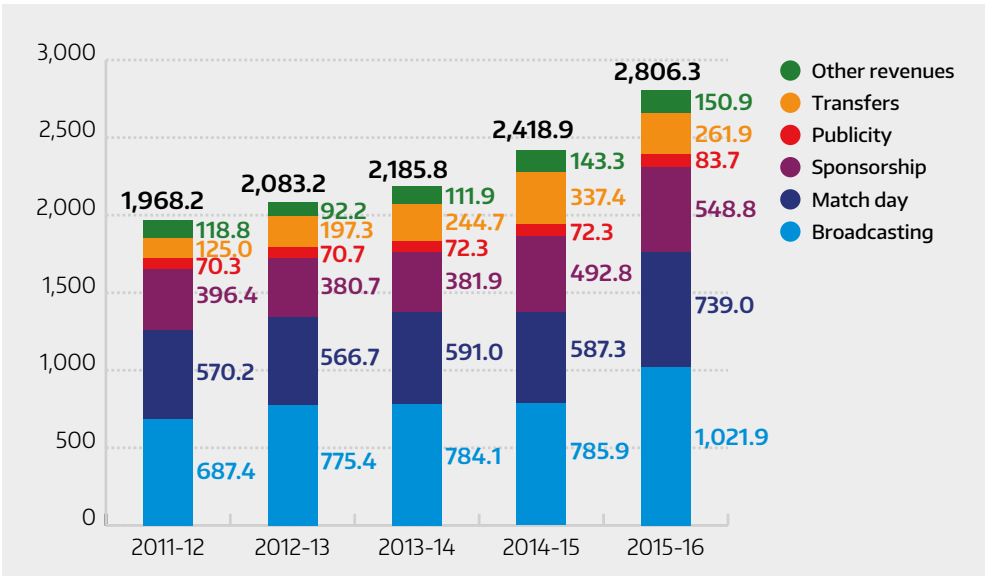
It is interesting to note that the revenues from *Transfers* generated by *LaLiga Santander* represent 94.1% of all revenues by *LaLiga* under this head, while *Other Revenues* of *LaLiga Santander* represents 75.8% of the total for this item. Keeping in mind that *LaLiga Santander* accounts for 92.5% of total revenues, the conclusion is that, on the one hand, player transfer transaction are limited mainly to *LaLiga Santander* while, on the other hand, the *LaLiga 1/2/3* clubs are making a greater effort in relative terms to generate *ancillary revenues* to enable them to improve their income statements.

⁹ Earnings from Transfers are revenues (profits) for transfers net of expenses (losses) on transfers.

¹⁰ It should be emphasised that the reduction would not have been so pronounced if the contribution of the two biggest clubs had been excluded as is shown by analysis of *Netted LaLiga*.

Graph 24

LaLiga • Composition of revenues



Graph 25

LaLiga 1|2|3 • Composition of Revenues

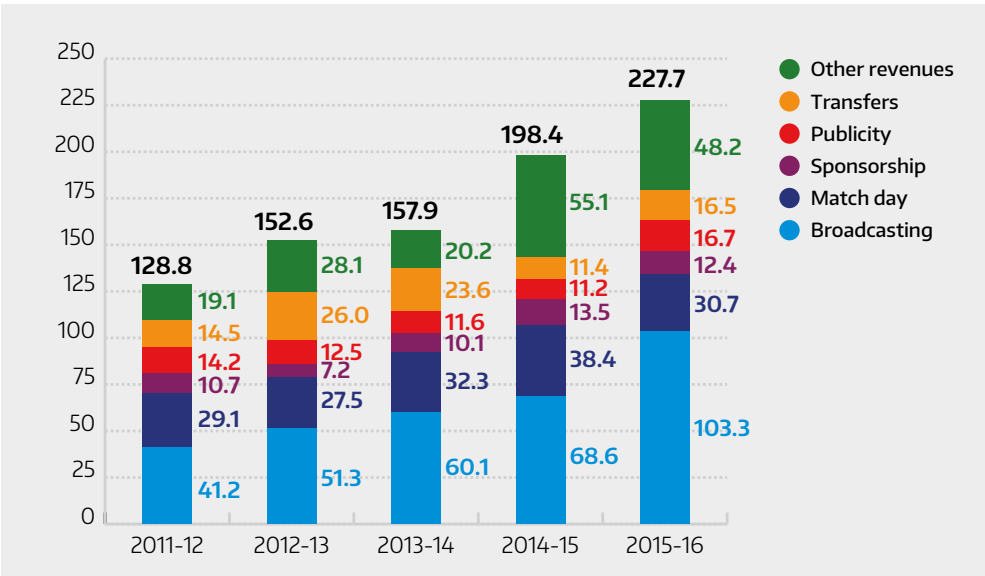


Table 10

LaLiga Santander • Variation in Revenues

Revenues LaLiga Santander	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Net Turnover	1,724.4	1,793.6	1,829.3	1,938.2	2,395.5	+8.5%	+38.8
Transfers	125.0	197.3	244.7	337.4	261.9	+20.3%	+109.4%
Other revenues	118.8	92.2	119.9	143.3	150.9	+6.2%	+27.0%
LaLiga Santander	1,968.2	2,083.2	2,185.8	2,418.9	2,806.3	+9.3%	+42.6%
% Y-o-Y variation	-	+5.8%	+4.9%	+10.7%	+16.0%		

However, analysis of *LaLiga 1|2|3* on its own reveals that the earnings obtained in 2015-16 from transfer of players, 16.5 M €, are less representative of the category than those of *LaLiga Santander* and are also below the average for the last four seasons (18.9 M €/season). Moreover, in the 2015-16 season *Other Revenues* even declined in year-on-year terms.

Indeed, during the 2015-16 season the earnings from *Transfers* in *LaLiga 1|2|3* amounted to 16.5 M €, an increase of only 2.0 M € (total variation: +13.7%; CAGR: +3.3%) in the historic series under study, and 5.1 M € (+44.3% growth year-on-year) last season to stand at 16.5 M €. At all events the absolute numbers are very modest and this causes wildly oscillating variations from one year to another due to the "sample size effect".¹¹

However, in the same period income from *Other Revenues* rose to 29.1 M € (total variation: +152.8%; CAGR: +26.1%), offsetting this downward trend when the four seasons are taken into account, although it dropped by 7.0 M € in the 2015-16 season with respect to 2014-15, a year-on-year variation of -12.6%.

In spite of the fact that the development of this item in recent years reflects the efforts of Second Division clubs to diversify their income sources, the change of trend observed in the 2015-16 season under the head of *Other Revenues* seems to indicate the presence of singular

Table 11

LaLiga 1|2|3 • Variation in Revenues

Income LaLiga 1 2 3	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Net Turnover	95.3	98.4	114.1	131.8	163.0	+14.4%	+71.2%
Transfers	14.5	26.0	23.6	11.4	16.5	+3.3%	+13.7%
Other revenues	19.1	28.1	20.2	55.1	48.2	+26.1%	+152.8%
LaLiga 1 2 3	128.8	152.6	157.9	198.4	227.7	+15.3%	+76.8%
% Y-o-Y variation	-	+18.5%	+3.5%	+25.7%	+14.8%		

To continue with the analysis of the other club categories, the proportion of total revenues represented by *Transfers* is 14.0% in *Netted LaLiga Santander* whereas in *LaLiga* and *LaLiga Santander* this proportion is only 9.0%. That *Transfers* account for five percent more of *Netted LaLiga Santander*'s total revenues than they do in the other two categories clearly demonstrates that the clubs with greater financial capacity, or more precisely, those with more balanced income sources, are more successful at retaining sporting talent. In contrast, clubs with lower incomes find it more natural to enhance their earnings by selling players as a source of recurring revenues. However, they are converging with other benchmark competitions with respect to both the relative amounts involved and the gap between the most prosperous clubs and the others. In the previous four seasons the average annual percentage was 16.4% for *Netted LaLiga Santander* and 10.4% for *LaLiga*. This variation is indicative of both the improved financial position of the clubs and of the gradual process of convergence of the revenue mix between the two biggest teams and the rest.

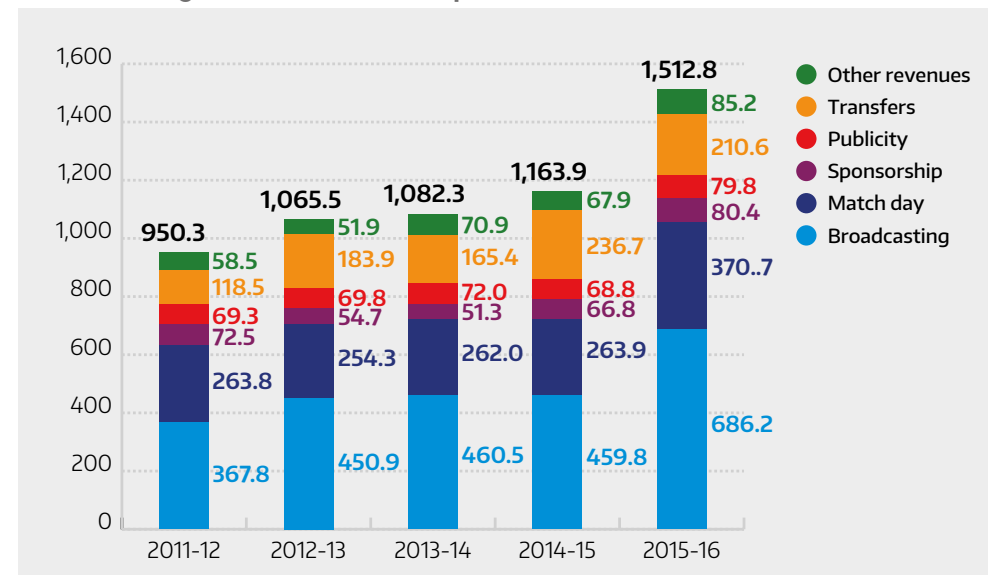
Likewise, revenues from *Transfers* generated by the clubs comprising *Netted LaLiga Santander* in the 2015-16 season reached 210.6 M €, a rise of 92.1 M € compared to the 2011-12 season (total variation: +77.7%; CAGR: +15.5%), although compared to the 2014-15 season it represents a fall of -26.1 M €, a year-on-year variation of -11%.

¹¹ Larger samples reflect the population mean more reliably, smoothing out unrepresentative variation rates.

Other Revenues, on the other hand, rose significantly against other seasons: 26.7 M € (total variation: +45.7%; CAGR: +9.9%) compared to the 2011-12 season and 17.2 M € with respect to 2014-15, a year-on-year variation of +25.4%.

Graph 26

Netted LaLiga Santander • Composition of Revenue



Graph 27

Netted LaLiga • Composition of Revenue

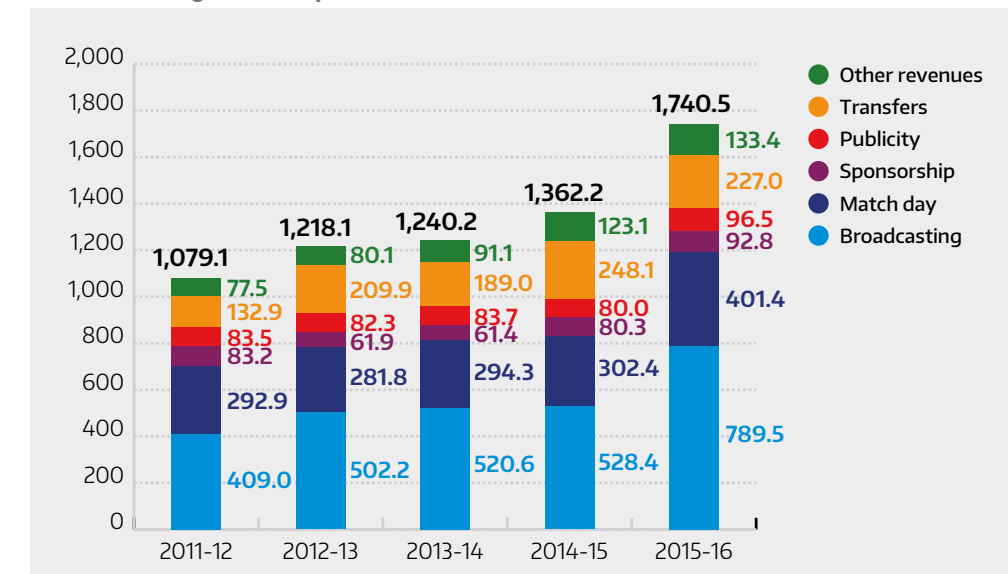


Table 13

Netted LaLiga • Variation in Revenues

Revenues	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Netted LaLiga							
Net Turnover	868.6	928.1	960.0	991.1	1,380.1	+12.3%	+58.9%
Transfers	132.9	209.9	189.0	248.1	227.0	+14.3%	+70.8%
Other revenues	77.5	80.1	91.1	123.1	133.4	+14.5%	+72.1%
Net. LaLiga Santander	1,079.1	1,218.1	1,240.2	1,362.2	1,740.5	+12.7%	+61.3%
% Y-o-Y variation	-	+12.9%	+1.8%	+9.8%	+27.8%		

Finally, having examined revenue variation over the five seasons of the historic series we will now analyse the contribution of each source of income for all the club group categories during the 2015-16 season.

As noted in the analysis of distribution of *Net Turnover*, the balance of the various income sources is the dominant note when distribution of *LaLiga's* income sources is examined. It can be seen that the most important items in relative terms are revenues from *Broadcasting* (37%), followed by *Match Day* (25%), *Sponsorship* and *Publicity* (22% between them) and the sum total of *Transfers* and *Other revenues* (16%). As already noted, it is a balanced distribution in general and, in spite of the dominant and growing importance of *Broadcasting*, the different income sources have reasonably similar weights. This should help achieve robust growth in the future in which the eventual degradation of any of the sources can be offset by variations in the others.

Table 12

Netted LaLiga Santander • Variation in income

Revenues Netted LaLiga Santander	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Net Turnover	773.4	829.7	845.9	859.3	1,217.0	+12.0%	+57.4%
Transfers	118.5	183.9	165.4	236.7	210.6	+15.5%	+77.7%
Other revenues	58.5	51.9	70.9	67.9	85.2	+9.9%	+45.7%
Net. LaLiga Santander.	950.3	1,065.5	1,082.3	1,163.9	1,512.8	+12.3%	+59.2%
% Y-o-Y variation	-	+12.1%	+1.6%	+7.5%	+30.0%		

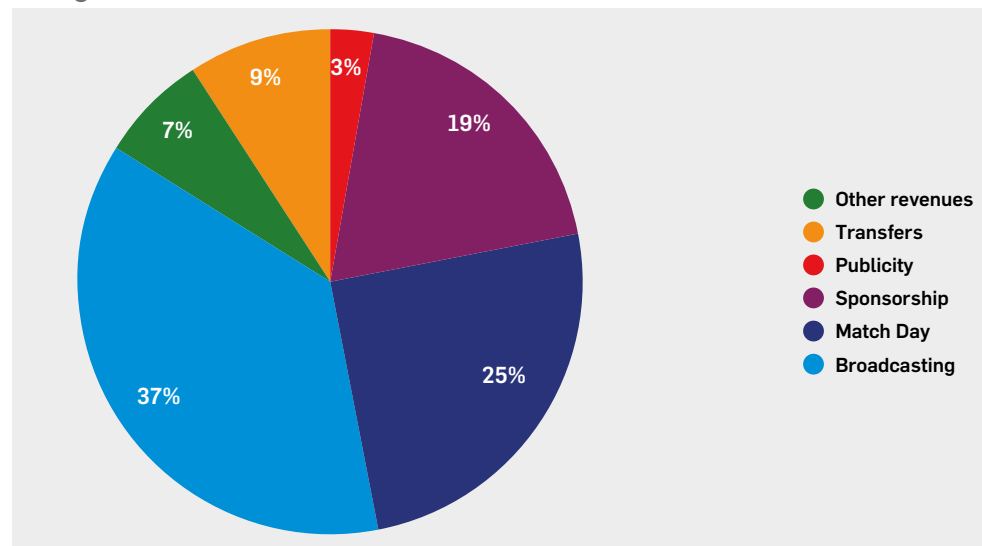
Finally, variation in earnings from *Transfers* and *Other Revenues* for *Netted LaLiga* naturally includes the variations already noted when analysing the same variations in *Netted LaLiga Santander* and *LaLiga 1/2/3*.

As it did in *LaLiga 1/2/3*, the head of *Other Revenues* increased significantly in the 2015-16 season compared to previous seasons driven, not only by the interest of clubs to generate income from alternative sources, but by certain singular transactions that will not be repeated in the foreseeable future. In the 2015-16 season *Other Revenues* amounted to 133.4 M € for *Netted LaLiga*, an increase of 55.9 M € (total variation: +72.1%; CAGR: +14.5%) with respect to 2011-12 and 10.3 M €, a year-on-year variation of +8.4%, compared to the 2014-15 season.

Earnings from *Transfers* by *Netted LaLiga*, given the relatively small impact they have on the total revenues under this head in *LaLiga 1/2/3*, show very similar variation to that of *Netted LaLiga Santander* analysed above. That is to say, a rise of 94.1 M € in the total for the period (total variation: +70.8%; CAGR: +14.3%), accompanied by a reduction in the last financial year of -21.0 M €, a year-on-year variation of -8.5%.

Graph 28

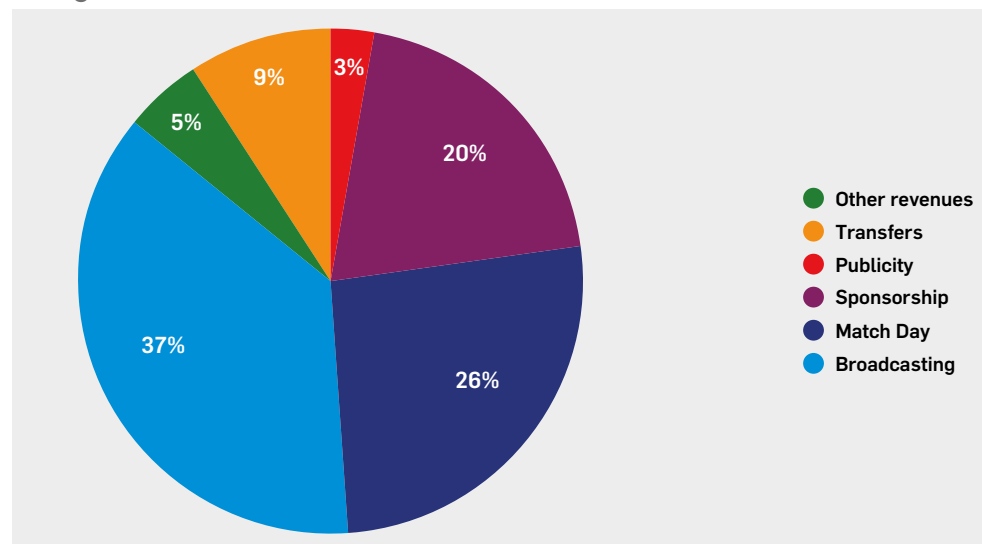
LaLiga • Contribution to 2015-16 income



The distribution of income for *LaLiga Santander* in the 2015-16 season is virtually identical to that of *LaLiga*.

Graph 29

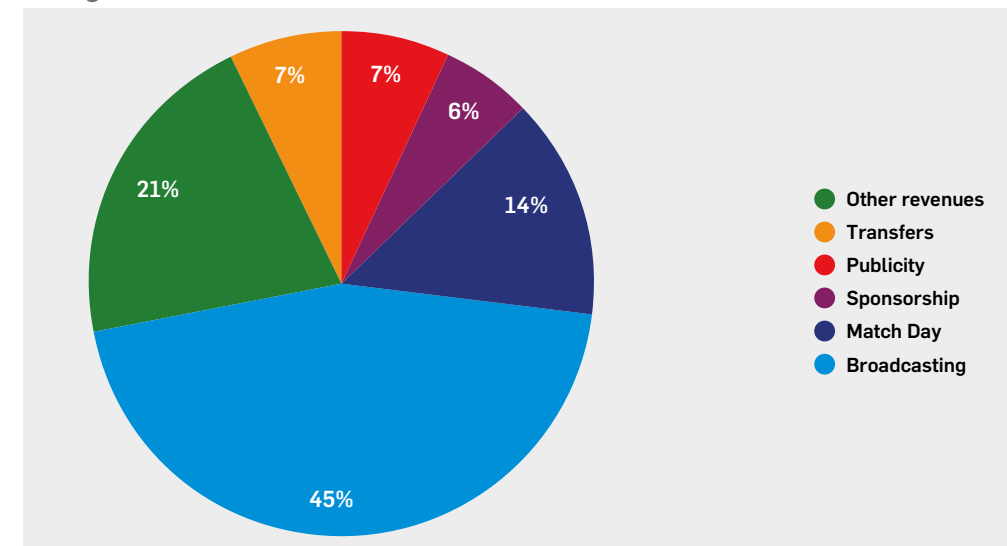
LaLiga Santander • Contribution to revenues 2015-16



However, as pointed out above, in the 2015-16 season the distribution of income of *LaLiga 1/2/3* was markedly different. The relative importance of the *Broadcasting* (45%) and *Other Revenues* (21%) heads and the lower weight of earnings from *Transfers* (7%) and *Sponsorship* (6%) is far more significant. In short, it is a much less balanced income distribution than in the case of *LaLiga* or *LaLiga Santander*.

Graph 30

LaLiga 1/2/3 • Contribution to income 2015-16

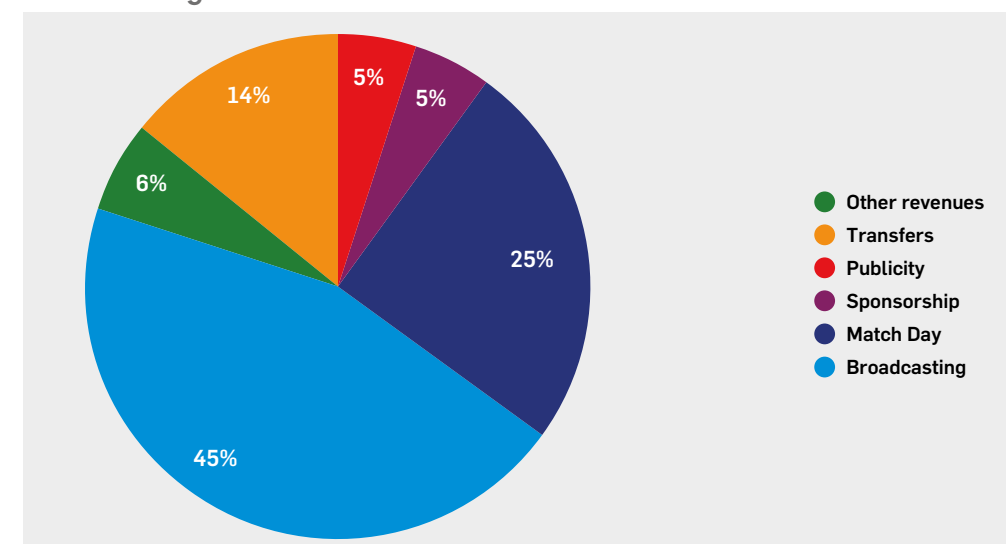


The distribution for *Netted LaLiga Santander* is obtained by discarding the two biggest clubs from the aggregate. As can be seen, the proportion of revenues accounted for by *Broadcasting* (45%) is much more important while the specific weight of revenues from *Sponsorship* (5%) is well below that of *LaLiga Santander*.

Moreover, it should be noted that in 2015-16 the traditional difference in revenues from *Transfers* when comparing *LaLiga Santander* with *Netted LaLiga Santander* is diminishing as the two categories converge. This is symptomatic of the improved financial health of most clubs and of performance more in accord with other leading professional football competitions.

Graph 31

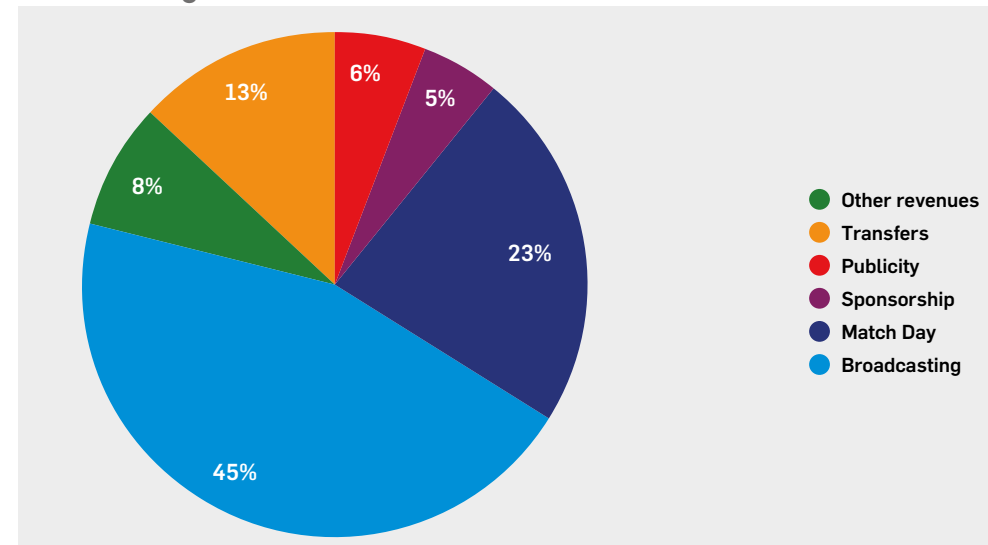
Netted LaLiga Santander • Contribution to revenues 2015-16



Finally, due to the scant contribution of *LaLiga 1/2/3* the income distribution for the 2015-16 season of *Netted LaLiga* is similar to that of *Netted LaLiga Santander*.

Netted LaLiga • Contribution to 2015-16 revenues

Graph 32



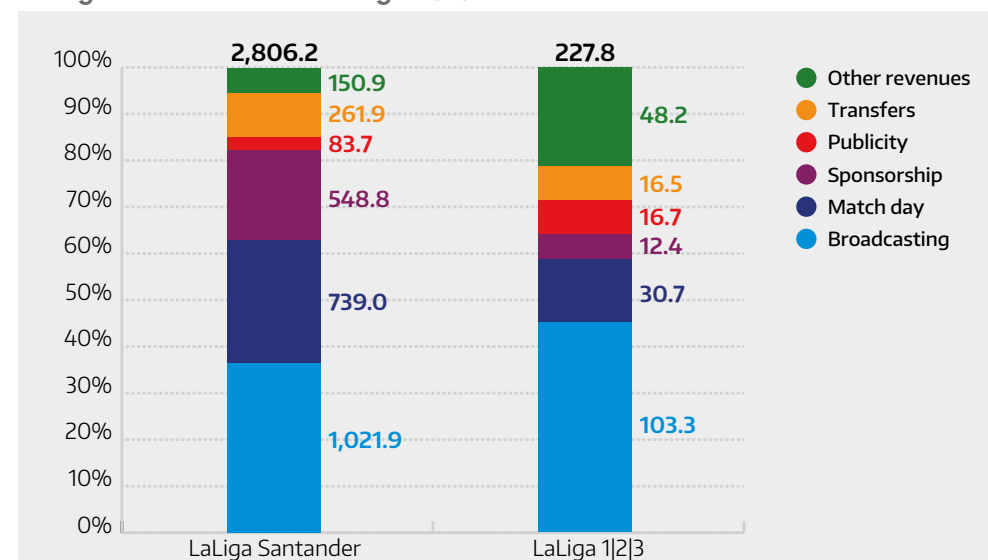
The following charts show the foregoing analysis of revenues from *Transfers* and *Other Revenues* in graphic form.

The following conclusions can be drawn from this comparison between *LaLiga Santander* and *LaLiga 1/2/3*:

1. Greater weight of earnings from *Transfers*, *Sponsorship* and *Match Day* in *LaLiga Santander* compared to *LaLiga 1/2/3*.
2. Greater weight of *Broadcasting* and *Other Revenues* in *LaLiga 1/2/3* than in *LaLiga Santander*.

LaLiga Santander vs. LaLiga 1/2/3 • Distribution of Income 2015-16

Graph 33

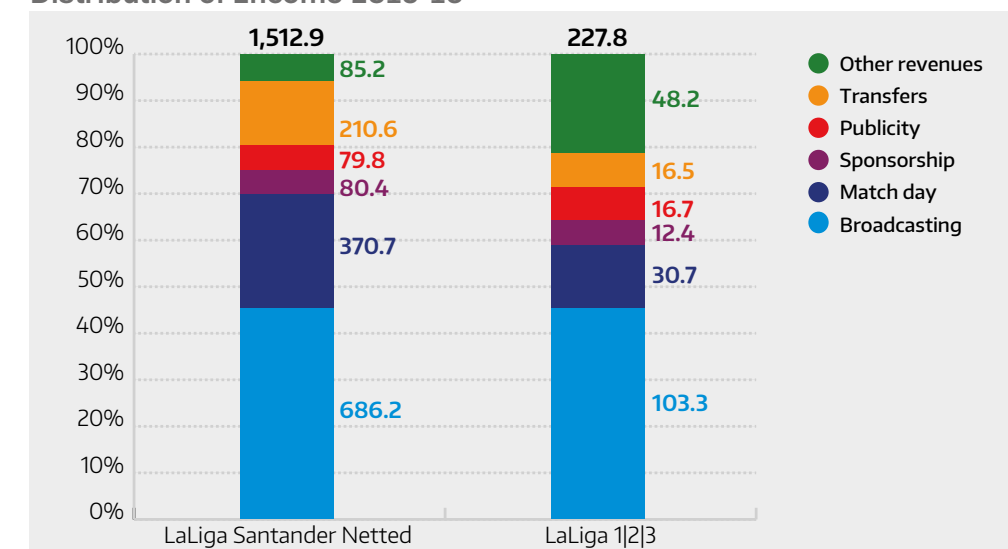


Furthermore, the following conclusions can be drawn from a comparison of income distribution between *Netted LaLiga Santander* and *LaLiga 1/2/3*:

1. The relative importance of income from *Sponsorship* and *Broadcasting* (50.0%) is roughly identical.
2. *Match Day* revenues remain more important in relative terms in *Netted LaLiga Santander* (25.0%) than in *LaLiga 1/2/3* (13.0%). The same is true of revenues from *Transfers* (14.0% and 7.0%, respectively).
3. *Other Revenues* is much more important in *LaLiga 1/2/3* (21.0%) than in the *Netted LaLiga Santander* (6.0%) since the former includes, among other items, aids for relegation.

Netted LaLiga Santander vs. LaLiga 1/2/3 Distribution of Income 2015-16

Graph 34





Cost control was
maintained

The escalation of operating costs over the five years since the 2011-12 season has been contained. In terms of Compound Annual Growth Rate (CAGR), the growth of costs over the period as a whole was substantially lower than that of revenues (both *Net Turnover* and *Total Income*) in all the categories analysed in this Report. This fact indicates a considerable increase in the financial efficiency of Spanish football resulting in a qualitative step forward, which will be discussed below, in the creation of economic value.

CAGR (4 years) Total expenses: Costs lag behind revenues/greater efficiency¹²

LaLiga	+6.1%
LaLiga Santander	+6.3%
LaLiga 1 2 3	+3.9%
Netted LaLiga Santander	+6.0%
Netted LaLiga	+5.7%

On a year-on-year basis, the significant rise in revenues of *LaLiga* (2015-16 is 15.9% up on 2014-15) has entailed a similar hike in total expenditure (16.2% in the same financial year). However, once certain non-structural expense increments recognised during the past financial year associated with certain accounting conventions in compliance with prudent valuation criteria (e.g. losses, impairments, provisions and other extraordinary or non-recurring expenses) which did not entail cash outflows (i.e. they do not constitute payments) are subtracted, the growth rate of expenditure is only 13.3%. This clearly demonstrates the effort of the clubs to control costs and strengthen their financial position. In the previous season, a very positive year in terms of earnings, the growth rates of revenues and expenditure were +12.4% and +12.2% respectively, which puts the importance of what was achieved in the financial year just ended into some kind of perspective.

In the 2014-15 season the difference between income and expenditure was 180.2 M €, while in the 2015-16 season this differential increased to 201.4 M € (a historic record for annual surplus), the equivalent of a year-on-year variation of 11.7%. However, if the aforesaid non-recurring expenses recognised in the last financial year are ignored, the difference between income and expenditure would have been 273.0 M € and therefore the differential would have increased by +51.5%. As we shall discuss below, due to the boost in structural cash flow generation from operations, these movements enable acceleration of total debt reduction that has been in progress for the last few years and maintains the asset strength of *LaLiga*. At the same time it has widened operating margins and improved profitability ratios.

To return to the analysis of costs, the distribution of expenditure for *LaLiga* has remained stable. In other words, the relative importance of each cost item is very similar to the previous season.

However, in absolute terms the value of practically all cost items has risen, accompanied by similar rises in revenues as already pointed out. The most significant increments for *LaLiga* are items related to personnel costs and certain provisions and other accounting formalities.

Consequently, there is a certain increase in the weight of *personnel* expenses (the main impact, accounting for 56.5% of total expenditure).

The following is the breakdown of this head: *Sports Personnel* expenses rose by 181.2 M €, up from 1,230.4 M € in the 2014-15 season to 1,411.6 M € in the 2015-16 season, a year-on-year variation of 14.7% but still lower than the hike in Net Turnover (+23.5%) or income in general (15.9%). Non-sports Personnel expenses, with a smaller relative weight, also grew considerably over the period to reach 26.6 M €, a year-on-year increase of +16.5%.

These two items account for over two thirds of the effective cost increase (not counting the non-recurring expenses) of the 2015-16 financial year with respect to 2014-15.

Moreover, in the last year the head of *Losses, Impairment and Provisions* shot up from 17.4 M € in 2014-15 to 111.2 M € in 2015-16, a year-on-year increase of 93.8 M €. Most of this, however (71.7 M €), cannot be considered structural. It consists, in all cases, of expenses for non-recurring provisions related to litigations pending decision and potential losses of an exceptional nature arising from the business activity.

Other operating expenses rose from 443.4 M € in the 2013-14 season to 489.1 M €, an absolute increase of 45.6 M €, the equivalent of a year-on-year variation of 10.3%. The favourable behaviour of this item is worth noting as it is growing at a slower rate than income and operating costs as a whole. This is a positive development of an item that contributed nearly 20% of the total expenditure of *LaLiga* until the last financial year. Its weight has declined 2 percentage points in the last two years.

Other expenses, while also generally rising, do so at lower rates or their absolute impact is less important. *Provisions*: 6.7 M € (+9.0%); *Travel expenses*: 9.1 M € (+20.6%) and *Financial Expenses*; 4.1 M € (+4.7%). As for *Player Amortisations* (intangible fixed assets), they grew by 15.6 M € (+4.9%), and *Other Amortisations* (other fixed assets) by 12.7 M € (+20.4%).

¹² The operating expenses CAGR for the 2011-12 to 2015-16 period include certain effects of non-recurring expenses that do not constitute payments (i.e. they do not entail cash outlays) that occurred in 2015-16. If these accounting formalities were obviated the rates would be between half and one percentage point lower for each category.

Graph 35

LaLiga • Composition of Expenses

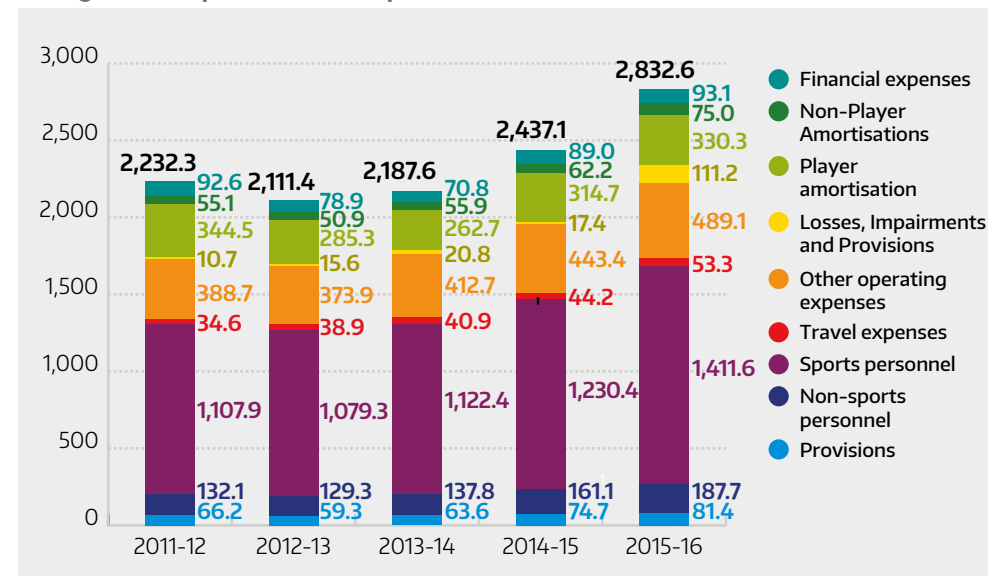


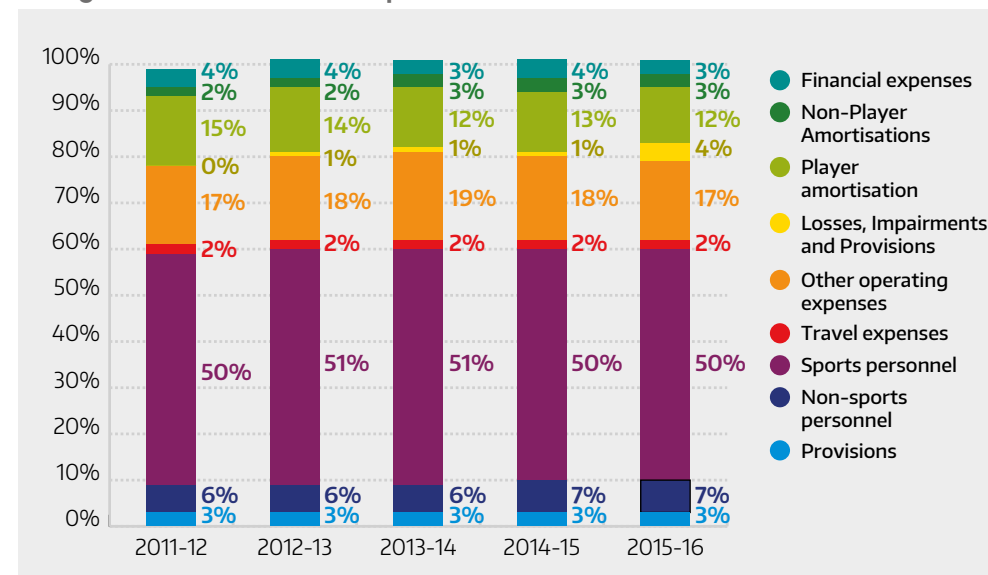
Table 14

LaLiga • Variation in Expenses

Expenses LaLiga	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Provisions	66.2	59.3	63.6	74.7	81.4	+5.3%	+22.9%
Non-sports personnel	132.1	129.3	137.8	161.7	187.7	+9.2%	+42.1%
Sports personnel	1,107.9	1,079.3	1,122.4	1,230.4	1,411.6	+6.2%	+27.4%
Travel expenses	34.6	38.5	40.9	44.2	53.3	+11.4%	+54.0%
Losses, imp. and prov.	10.7	15.6	20.8	17.4	111.2	+79.5%	+938.6%
Other operating expenses	388.7	373.9	412.7	443.4	489.1	+5.9%	+25.8%
Player amortisation	344.5	285.3	262.7	314.7	330.3	-1.0%	-4.1%
Amortisation other f. assets	55.1	50.9	55.9	62.2	75.0	+8.0%	+36.0%
Financial expenses	92.6	78.9	70.8	89.0	93.1	+0.1%	+0.6%
LaLiga expenses	2,232.3	2,111.4	2,187.6	2,437.1	2,832.6	+6.1%	+26.9%
% Y-o-Y variation	-	-5.4%	+3.6%	+11.4%	+16.2%		

Graph 36

LaLiga • Contribution to Expenses



The first thing to note when analysing the variation and distribution of expenditure specifically for *LaLiga Santander* is that of the total increase in *LaLiga's* expenses for the 2015-16 season compared to 2014-15 (395.5 M €), 97.3% (384.9 M €) is produced by *LaLiga Santander*. However, as already pointed out, of the increase in revenue terms recognised in 2015-16 by *LaLiga* compared to the 2014-15 season (416.7 M €), 93.0% (387.4 M €) is also generated by *LaLiga Santander*. This means that variation in the First Division was slightly below that of the *LaLiga* as a whole during last year. The only possible explanation for this difference is exceptional performance by *LaLiga 1/2/3* during the 2015-16 season.

However, this does not imply that the performance of *LaLiga Santander* in the same period was poor. Expenditure apparently grew faster than revenues (+17.2% and +16.0% respectively). However, as already noted with reference to *LaLiga*, once the increase in expenses due to certain accounting conventions in compliance with prudent valuation criteria, most of which did not entail cash outflow (i.e. they do not constitute payments) are subtracted, the growth rate of expenditure is only 14.1%. Last year therefore only 87.9% of the increase in revenue was allocated to covering the increase in expenses. This annual absorption rate is the lowest of the last three seasons. In 2013-14 and 2014-15 this item stood at 113.6% and 106.7% respectively (i.e. *LaLiga Santander's* expenses increased faster than its revenues). This indicates a marked improvement in the real efficiency of the business over the past year.

These considerations can be viewed from another perspective; in 2015-16 the ratio between the increase in total revenue and the effective increase in total expenditure is 1.14x for *LaLiga Santander* (vs. 0.88x and 0.94x in 2013-14 and 2014-15 respectively). As we shall see below, the same ratio for *LaLiga 1/2/3* last season stood at 2.82x.

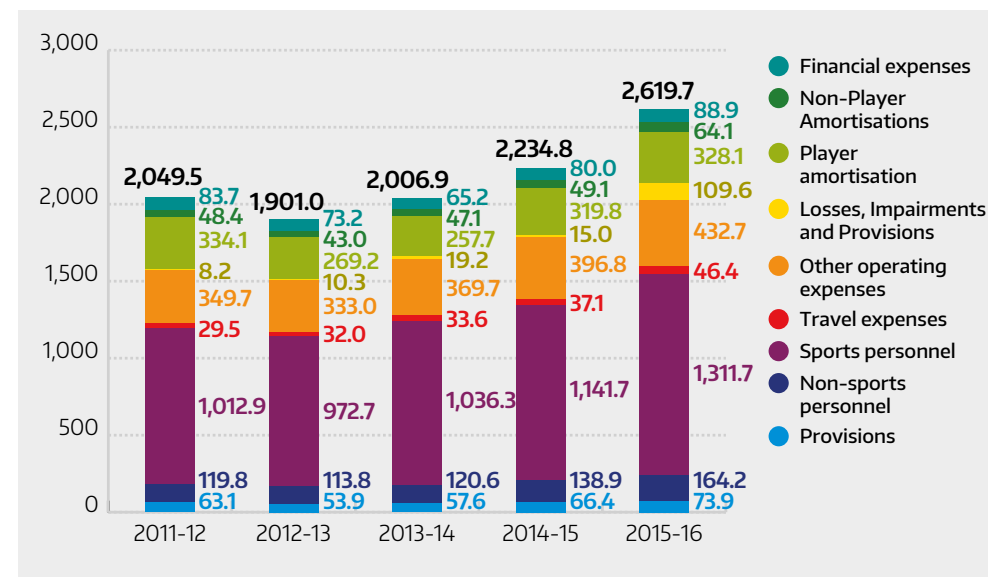
In short, in percentage terms the hike in expenses is significantly higher in *LaLiga Santander* than in *LaLiga 1/2/3*. This is basically due to the better financial health of the clubs in *LaLiga Santander* compared to those in *LaLiga 1/2/3* and therefore their ability to assign the new revenues to cover the increase in ordinary expenses instead of to servicing debt and paying back-taxes.

As it did for **LaLiga**, the steepest increase in expenses occurs under the head of *Sports personnel*. This increase totals 170.0 M € and accounts for 44% of the overall increase recognised by **LaLiga Santander** (384.9 M €). The expenses associated with Non-sports personnel (25.3 M € or +18.2%) also rose sharply. These two items explain half the increase in operating costs of **LaLiga Santander** in 2015-16 (or more than 62% of the increase) if the aforesaid increases in non-recurring expenses are ignored).

The *Losses, Impairment and Provisions* and *Other Expenses* accounts recognised a combined increase of 130.5 M € (+31.7%), although if the aforesaid increases in non-recurring expenses are ignored this item grew at the much more moderate rate of +14.6% (60.3 M €).

LaLiga Santander • Composition of Expenses

Graph 37



LaLiga Santander • Contribution to Expenses

Graph 38

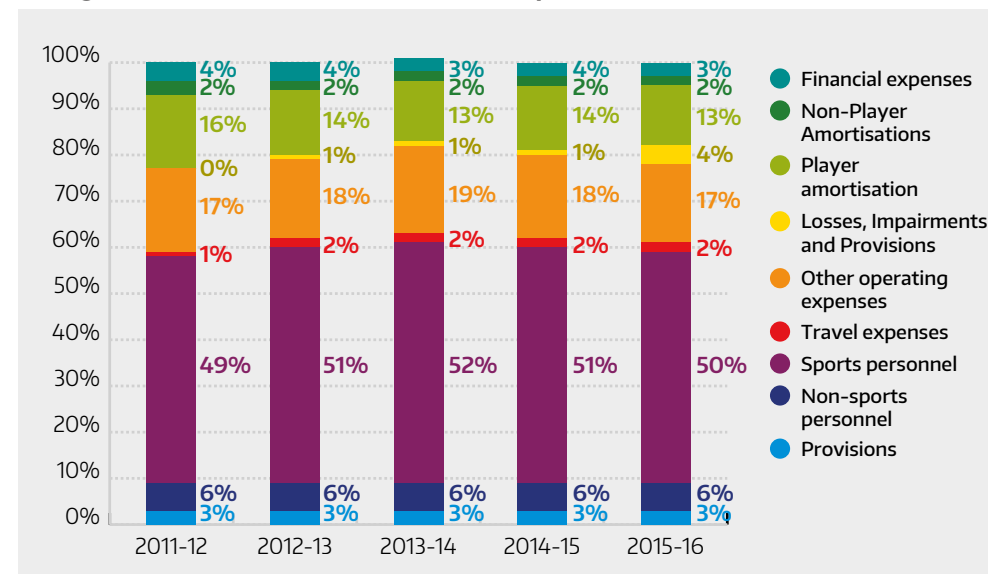


Table 15

LaLiga Santander • Variation in Expenditure

Expenses LaLiga Santander	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Provisions	63.1	53.9	57.6	66.4	73.9	+4.0%	+17.2%
Non-sports personnel	119.8	113.8	120.6	138.9	164.2	+8.2%	+37.1%
Sports personnel	1,012.9	972.7	1,036.3	1,141.7	1,311.7	+6.7%	+29.5%
Travel expenses	29.5	32.0	33.6	37.1	46.4	+11.9%	+57.1%
Losses, imp. and prov.	8.2	10.3	19.2	15.0	109.6	+91.0%	+1,230.0%
Other operating expenses	349.7	333.3	369.7	396.8	432.7	+5.5%	+23.8%
Player amortisation	334.1	269.2	257.7	309.8	328.1	-0.4%	-1.8%
Amortisation other f. assets	48.4	43.0	47.1	49.1	64.1	+7.3%	+32.4%
Financial expenses	83.7	73.2	65.2	80.0	88.9	+1.5%	+6.2%
Expenses LaLiga Santander	2,049.5	1,901.0	2,006.9	2,234.8	2,619.7	+6.3%	+27.8%
% Y-o-Y variation	-	-7.2%	+5.6%	+11.4%	+17.2%		

With respect to **LaLiga 1/2/3**, the Second Division of Spanish professional football, only one third (an absorption rate of 35%) of the revenue growth achieved in the 2015-16 season (+14.8%) compared to that of 2014-15 is allocated to covering the rise in expenses (+5.2%). The ratio between these two increases, 2.82x, is worth highlighting. The performance of these items is also better than those of the 2014-15 season in which the absorption rate was 47% and the ratio between the revenue and the expense hikes was 2.15x. As is the case of **LaLiga Santander**, the performance of **LaLiga 1/2/3** is not only positive but is also continuing along the same lines.

A large proportion of the expense items of **LaLiga 1/2/3** have undergone reductions compared to those of the previous season: *Provisions* (-0.8 M €: -9.4%), *Travel expenses* (-0.2 M €: -3.1%), *Losses, Impairments and Provisions* (-0.8 M €: -32.8%), *Player Amortisations* (-2.8 M €: -55.9%), *Non-player Amortisations* (-2.3 M €: -17.5%), *Financial Expenses* (-4.7 M €: -52.7%).

In contrast, other expense items rose: *Sports Personnel* (11.1 M €: +12.6%), *Non-sports Personnel* (1.3 M €: +6.1%) and especially *Other Operating Expenses* (9.7 M €: +20.8%). Unlike **LaLiga Santander**, **LaLiga 1/2/3** has no significant incremental charges for non-recurring items associated with formal accounting criteria. However, in contrast to what occurred under the same head in the First Division, the increase in the Other Operating Expenses account, which in this category represents a quarter of the total expenses, is significantly higher than that of revenues.

All in all, the increase in expenses for the season is 10.6 M € in net terms, the equivalent of the aforesaid variation rate of 5.2%.

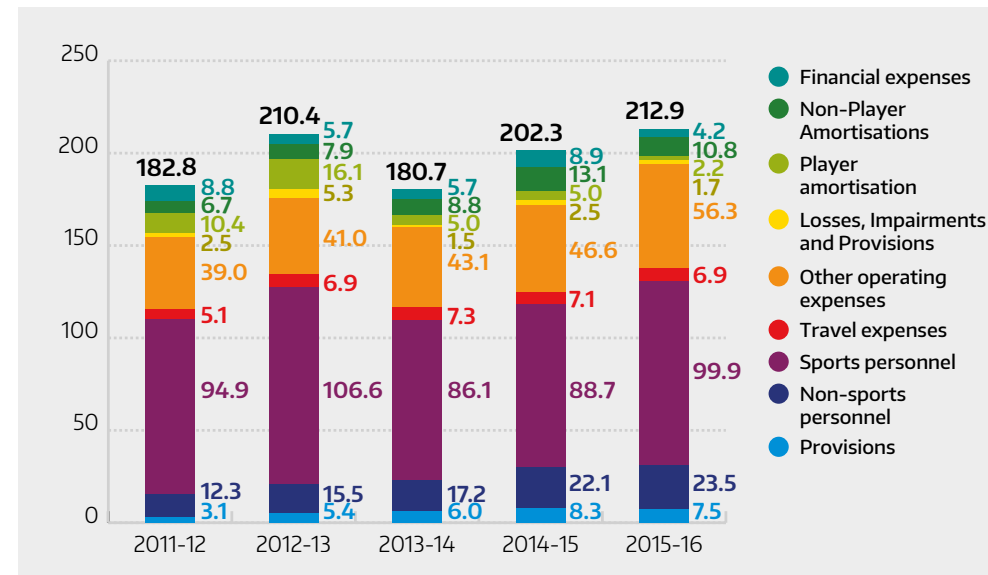
The most noticeable effect of the above breakdown is the relative importance of *Sports Personnel*, which rises from 44% in the 2014-15 season to 47% in 2015-16. Thus it largely offsets the cost reduction effort made by **LaLiga 1/2/3** that had achieved a reduction by a similar amount in the previous season.

Two aspects deserve special mention with respect to the variation in total expenses of *LaLiga 1/2/3* compared to *LaLiga Santander*:

1. Like what occurred in the section on revenues, the year-on-year variations of the Second Division are heavily biased by the "sample size effect" due to the relatively small magnitude of the category. In other words the year-on-year differences cause greater distortions in the growth rates, and this can often be explained simply by the comparative size of clubs that possess income and expenditure structures more typical First Division teams that are relegated to or promoted from this category.
2. In 2015-16, unlike the case of *LaLiga Santander*, in *LaLiga 1/2/3* there was no upturn in non-recurring items under the head of *Losses, Impairments and Provisions* associated with accounting conventions with no direct effect on the effective performance of the competition.

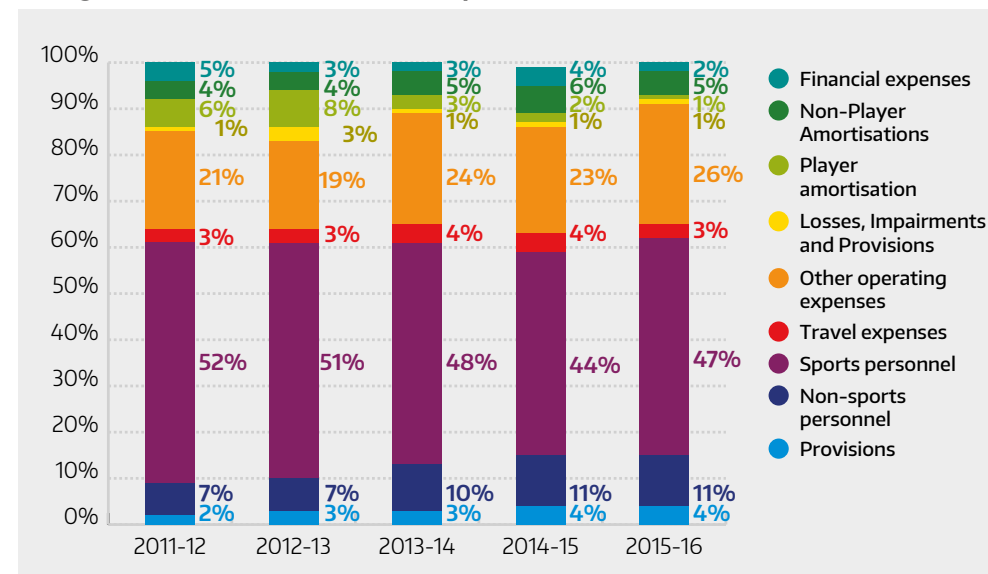
LaLiga 1/2/3 • Composition of Expenses

Graph 39



LaLiga 1/2/3 • Contribution to Expenses

Graph 40



LaLiga 1/2/3 • Variation in Expenditure

Table 16

Expenses LaLiga 1/2/3	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Provisions	3.1	5.4	6.0	8.3	7.5	+24.3%	+138.4%
Non-sports personnel	12.3	15.5	17.2	22.1	23.5	+17.6%	+91.3%
Sports personnel	94.9	106.6	86.1	88.7	99.9	+1.3%	+5.2%
Travel expenses	5.1	6.9	7.3	7.1	6.9	+8.1%	+36.3%
Losses, imp. and prov.	2.5	5.3	1.5	2.5	1.7	-9.5%	-32.8%
Other operating expenses	39.0	41.0	43.1	46.6	56.3	+6.6%	+44.2%
Player amortisation	10.4	16.1	5.0	5.0	2.2	-32.3%	-79.0%
Amortisation other f. assets	6.7	7.9	8.8	13.1	10.8	+12.8%	+61.9%
Financial expenses	8.8	5.7	5.7	8.9	4.2	-16.9%	-52.2%
Expenses LaLiga 1/2/3	182.8	210.4	180.7	202.3	212.9	+3.9%	+16.5%
% Y-o-Y variation	-	+15.1%	-14.1%	+12.0%	+5.2%		

With respect to *Netted LaLiga Santander* - ignoring the extraordinary and non-recurring increase in costs associated with formal accounting criteria - the situation is not very different from that of *LaLiga Santander*: of the upturn in revenues (+30.0%) achieved in the 2015-16 season compared to 2014-15, 93.2% was allocated to increasing the various expense items (+27.9%). In other words the tendency, already noted when analysing *LaLiga Santander*, to devote a major part of the additional income to amortising general debt or strengthening the asset position while restraining any incremental expenses continues to affect this group. However, in the previous season the absorption rate was 69.8%, so that this reduction of the "gaps" in each season could mean that most clubs in this group (First Division clubs minus the *big two*) have already brought their restructuring processes to a successful conclusion and have a greater degree of freedom to boost their operating costs, especially in sports personnel, as will be seen below. In other words, the hike in the absorption rate of *Netted LaLiga Santander* compared to the reduction of the proportion of *LaLiga Santander* indicates that in relative terms the major contribution during the 2015-16 season (although there is not a great deal of difference) was made by the two biggest clubs. At all events the absorption rate remains below 100%, which indicates that in general terms the efficiency of the earnings is being maintained.

Another way of putting it is that in *Netted LaLiga Santander* the revenue growth to effective expense rise ratio dropped from 1.43x in 2014-2015 to 1.07x in 2015-16.

As they did for *LaLiga Santander*, two items account for half the increase in operating costs in 2015-16: *Sports Personnel* (135.8 M €: +25.7%), *Non-sports Personnel* (18.1 M €: +24.4%).

Losses, Impairments and Provisions, on the other hand, undergo a significant advance (€ 81.4 M €: +590.3%). Of this, however, around 57.1 M € can be classed as non-recurring.

Other Operating Expenses rose by 33.4 M € (+18.4%), and although there are increases in the remaining items, their impact is much more moderate.

As a result of the above variations, in *Netted LaLiga Santander* the head of *Other Operating Expenses* loses a significant amount of weight (down from 17% to 15% in a single season) to the detriment of *Player Amortisations* (up from 11% to 12%) and *Losses, Impairments and Provisions* (up from 1% to 3%) due to the impact of non-recurring charges in 2015-16. The contribution of the rest of the heads remains stable.

Graph 41

Netted LaLiga Santander • Composition of Expenses

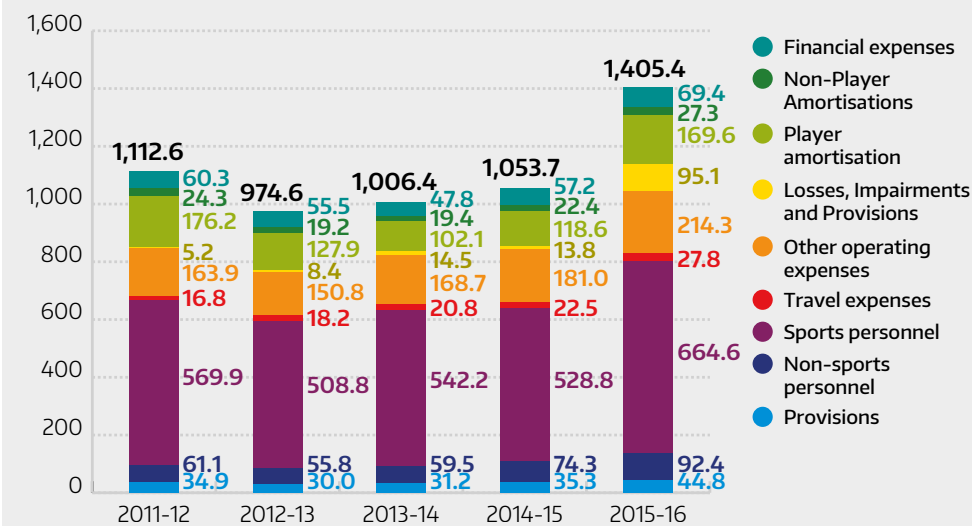


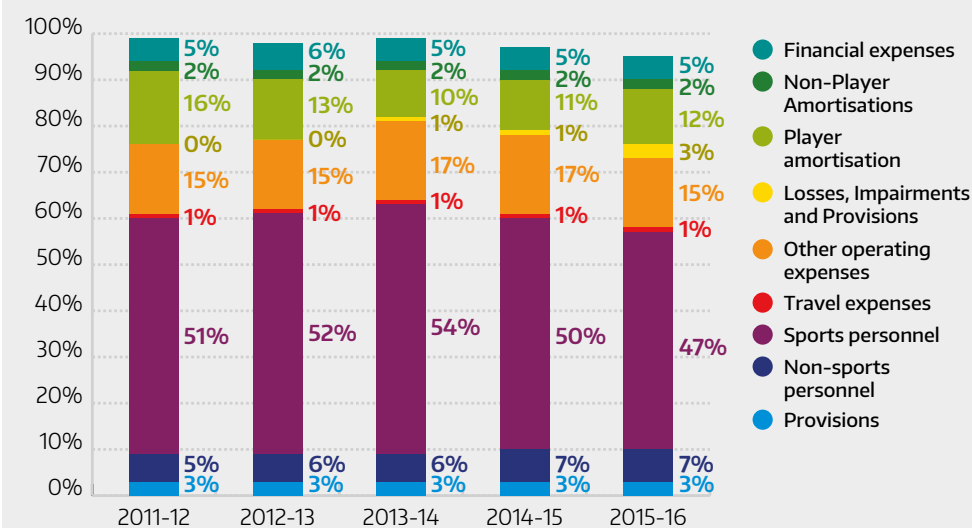
Table 17

Netted LaLiga Santander • Variation in Expenses

Expenses Netted LaLiga Santander	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Provisions	34.9	30.0	31.2	35.3	44.8	+6.4%	+28.3%
Non-sports personnel	61.1	55.8	59.5	74.3	92.4	+10.9%	+51.1%
Sports personnel	569.9	508.8	542.2	528.8	664.6	+3.9%	+16.6%
Travel expenses	16.8	18.2	20.8	22.5	27.8	+13.5%	+66.2%
Losses, imp. and prov.	5.2	8.4	14.5	13.8	95.1	+106.7	+1,723.9%
Other operating expenses	163.9	150.8	168.7	181.0	214.3	+6.9	+30.8%
Player amortisation	176.2	127.9	102.1	118.6	196.6	-0.9%	-3.7%
Amortisation other f. assets	24.3	19.2	19.4	22.4	27.3	+2.9%	+12.3%
Financial expenses	60.3	55.5	47.8	27.2	39.4	+3.6%	+15.1%
Net. LaLiga Santander expenses	1,112.6	974.6	1,006.4	1,053.7	1,405.4	+6.0%	+26.3%
% Y-o-Y variation	-	-12.4%	+3.3%	+4.7%	+33.4%		

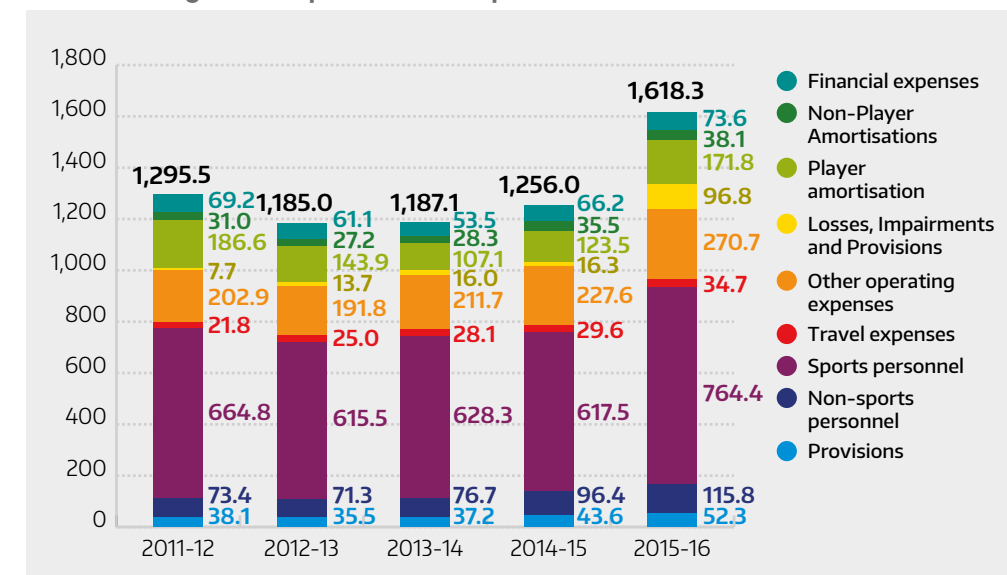
Graph 42

Netted LaLiga Santander • Contribution to Expenses



Graph 43

Netted LaLiga • Composition of expenses



Finally, comparing 2015-16 with the 2014-15 season, **Netted LaLiga** reports increased costs of 362.3 M €. In the same period revenues increased by 378.2 M €. Naturally, since **Netted LaLiga** is the combination of **Netted LaLiga Santander** and **LaLiga 1/2/3**, ignoring non-recurrent effects only 87.1% of the increment in revenues (+27.8%) is assigned to increasing expenses (+24.2%).

Graph 44

Netted LaLiga • Contribution to expenses

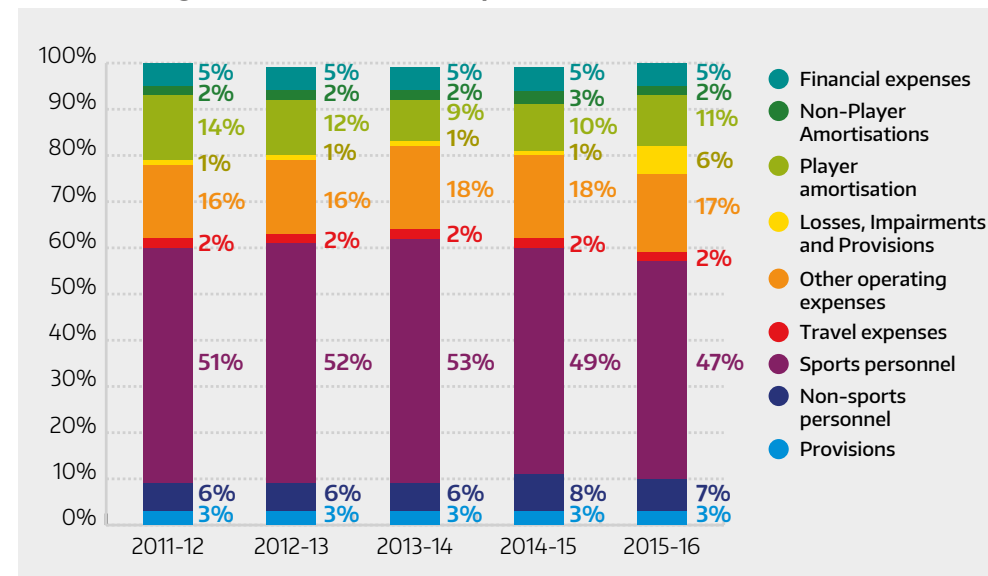


Table 18

Netted LaLiga • Variation in Expenses

Expenses Netted LaLiga	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Provisions	38.1	35.5	37.2	43.6	52.3	+8.3%	+37.4%
Non-sports personnel	73.4	71.3	76.7	96.4	115.8	+12.1%	+57.8%
Sports personnel	664.8	615.5	628.3	617.5	764.4	+3.6%	+15.0%
Travel expenses	21.8	25.0	28.1	29.6	34.7	+12.3%	+59.2%
Losses, imp. and prov.	7.7	13.7	16.0	16.4	96.8	+88.4	+1.159.2%
Other operating expenses	202.9	191.8	211.7	227.6	270.7	+7.5%	+33.4%
Player amortisation	186.6	143.9	107.1	123.5	171.8	-2.1%	-8.0%
Amortisation other f. assets	31.0	27.2	28.3	35.5	38.1	+5.3%	+23.0%
Financial expenses	69.2	61.1	53.5	66.2	73.6	+1.6%	+6.5%
Netted LaLiga expenses	1,295.5	1,185.0	1,187.1	1,256.0	1,618.3	+5.7%	+24.9%
% Y-o-Y variation	-	-8.5%	+0.2%	+5.8%	+28.8%		

The following are the most significant general conclusions after analysis of cost variation and distribution:

1. Real expenses increased during the 2015-16 season to a lesser extent than income in all categories under review, thus generating a greater surplus that was allocated to amortising debt, paying overdue taxes and strengthening equity and therefore the financial structure of the clubs.
2. In spite of the above, the gap between rising income and rising expenditure is narrowing compared to previous seasons. This may indicate that many clubs have completed or are close to completing their restructuring processes. Thus they may be starting to direct their efforts towards boosting the endowment of items that improve management in order to develop structures and capacities that meet the current demands of professional football.
3. First Division clubs are tending to reduce the importance of *Sports Personnel and Other Operating Expenses*. However, the positive effects of this trend are being offset by the significant growth of *Losses, Impairments and Provisions*. A large proportion of the increment in these costs, however, is non-recurring, and therefore containment of the same in future seasons could enable a significant improvement in the income statement. It also appears that management development, although it is being implemented at a satisfactory pace in general, was more prevalent in the two biggest clubs last season than in the other First Division teams. Even when the non-recurring effects are ignored the variation in these two categories is very similar.
4. The Second Division clubs have made a considerable effort to contain costs, restricting growth to +5.2%, a much lower rate than the growth of revenues (+14.8%).
5. As we shall discuss below, the effect of these year-on-year variations can be seen in improved operating margins and profitability ratios in the 2015-16 season.





Personnel costs with balanced
development

As already pointed out during the discussion of the variation and distribution of expenses, spending on *Sports personnel*, the most important item in the cost structure of Spanish professional football with a weight of about 50%, has increased in recent years. This cost increase has been substantial in all the categories analysed in this Report although it has not kept pace with the growth of revenues and therefore its impact on the income statement has been considerably reduced. This behaviour is largely explained by the fact that *sports personnel* costs were clearly over-dimensioned in relative terms. In other words, taking the revenues that the competition generated in those days into account, these outlays were clearly unsustainable. The more favourable trend in recent years has been confirmed as one of the main reasons for the improved financial health of **LaLiga** and has enabled it to converge with the benchmark competitions in the European area.

The following section analyses the variations in *Sports personnel* and *Non-sports personnel* expenses in the light of *Total expenses*, *Total income* and *Net income*. This last item is calculated by subtracting the earnings from *Transfers* from the total income.

Analysis of the variation in **LaLiga's** personnel expenses shows that as a general rule both the *Sports personnel* expense and the *Non-sports personnel* expense tend to diminish their contribution to *Total expenses* over time. However, they also reduce their weight against *Income* and *Net income*. This even occurs when the amount under this head is growing practically every year in absolute terms (the CAGR of wages and salaries in the period under study is 6.6%).

LaLiga • Variation in personnel expenses

Table 19

LaLiga	2011-12	2012-13	2013-14	2014-15	2015-16	2015-16 vs 2014-15	Season Variation %	CAGR %
Sports personnel	1,107.9	1,079.3	1,122.4	1,230.4	1,411.6	181.2	14.7%	6.2%
Sports personnel Expenses	49.6%	51.1%	51.3%	50.5%	49.8%			
Sports personnel Income	52.8%	48.3%	47.9%	47.0%	46.5%			
Sports personnel (Income – Expenses)	56.6%	53.6%	54.1%	54.2%	51.2%			
Non-Sports Personnel	132.1	129.3	137.8	161.1	187.7	26.6	16.5%	9.2%
Non-sports personnel Expenses	5.9%	6.1%	6.3%	6.6%	6.6%			
Non-sports personnel Income	6.3%	5.8%	5.9%	6.2%	6.2%			
Non-sports personnel (Income – Expenses)	6.7%	6.4%	6.6%	7.1%	6.8%			
Total personnel	1,239.9	1,208.6	1,260.1	1,391.4	1,599.2	207.8	14.9%	6.6%
Total personnel Expenses	55.5%	57.2%	57.6%	57.1%	56.5%			
Total personnel/Income	59.1%	54.1%	53.8%	53.2%	52.7%			
Total personnel (Income – Expenses)	63.3%	60.1%	60.7%	61.3%	58.0%			
LaLiga Expenses	2,232.3	2,111.4	2,187.6	2,437.1	2,832.6	395.5	16.2%	6.1%
LaLiga Income	2,097.0	2,235.8	2,343.7	2,617.3	3,034.0	416.7	15.9%	9.7%
LaLiga Income Transfers	1,957.5	2,012.4	2,075.4	2,268.5	2,755.6	487.1	21.5%	8.9%

Table 20

LaLiga • Variation in personnel expenses

LaLiga Santander	2011-12	2012-13	2013-14	2014-15	2015-16	2015-16 vs 2014-15	Season Variation %	CAGR %
Sports personnel	1,012.9	972.7	1,036.3	1,141.7	1,311.7	170.0	14.9%	6.7%
Sports personnel Expenses	49.4%	51.2%	51.6%	51.1%	50.1%			
Sports personnel Income	51.5%	46.7%	47.4%	47.2%	46.7%			
Sports personnel (Income – Expenses)	55.0%	51.6%	53.4%	54.8%	51.6%			
Non-sports personnel	119.8	113.8	120.6	138.9	164.2	25.3	18.2%	8.2%
Non-sports personnel Expenses	5.8%	6.0%	6.0%	6.2%	6.3%			
Non-sports personnel Income	6.1%	5.5%	5.5%	5.7%	5.9%			
Non-sports personnel (Income – Expenses)	6.5%	6.0%	6.2%	6.7%	6.5%			
Total personnel	1,132.7	1,086.5	1,156.8	1,280.6	1,475.9	195.3	15.3%	6.8%
Total personnel Expenses	55.3%	57.2%	57.6%	57.3%	56.3%			
Total personnel/Income	57.6%	52.2%	52.9%	52.9%	52.6%			
Total personnel (Income – Expenses)	61.5%	57.6%	59.6%	61.5%	58.0%			
LaLiga Santander Expenses	2,049.5	1,901.0	2,006.9	2,234.8	2,619.7	384.9	17.2%	6.3%
LaLiga Santander Income	1,968.2	2,083.2	2,185.8	2,418.9	2,806.3	387.4	16.0%	9.3%
LaLiga Santander Income Transfers	1,843.2	1,885.9	1,941.1	2,081.5	2,544.4	462.9	22.2%	8.4%

LaLiga 1/2/3 has also reduces spending on *Sports personnel* as a percentage of *Net income*, lowering it to 47.3% last season after having been as high as 84.3% in the 2012-13 season, well above the benchmark that constitutes the limit for a balanced income statement structure from the point of view of the weight of payroll costs.

The effort to contain costs by **LaLiga 1/2/3** is worth mentioning. It is clearly demonstrated by the growth of the most important expense item of the Second Division, which recorded a CAGR of only +1.3%.

Table 21

LaLiga 1|2|3 • Variation in personnel expenses

LaLiga 1 2 3	2011-12	2012-13	2013-14	2014-15	2015-16	2015-16 vs 2014-15	Season Variation %	CAGR %
Sports personnel	1,012.9	972.7	1,036.3	1,141.7	1,311.7	170.0	14.9%	6.7%
Sports personnel Expenses	49.4%	51.2%	51.6%	51.1%	50.1%			
Sports personnel Income	51.5%	46.7%	47.4%	47.2%	46.7%			
Sports personnel (Income – Expenses)	55.0%	51.6%	53.4%	54.8%	51.6%			
Non-sports personnel	119.8	113.8	120.6	138.9	164.2	25.3	18.2%	8.2%
Non-sports personnel Expenses	5.8%	6.0%	6.0%	6.2%	6.3%			
Non-sports personnel Income	6.1%	5.5%	5.5%	5.7%	5.9%			
Non-sports personnel (Income – Expenses)	6.5%	6.0%	6.2%	6.7%	6.5%			
Total personnel	1,132.7	1,086.5	1,156.8	1,280.6	1,475.9	195.3	15.3%	6.8%
Total personnel Expenses	55.3%	57.2%	57.6%	57.3%	56.3%			
Total personnel/Income	57.6%	52.2%	52.9%	52.9%	52.6%			
Total personnel (Income – Expenses)	61.5%	57.6%	59.6%	61.5%	58.0%			
LaLiga 1 2 3 Expenses	2,049.5	1,901.0	2,006.9	2,234.8	2,619.7	384.9	17.2%	6.3%
LaLiga 1 2 3 Income	1,968.2	2,083.2	2,185.8	2,418.9	2,806.3	387.4	16.0%	9.3%
LaLiga 1 2 3 Income Transfers	1,843.2	1,885.9	1,941.1	2,081.5	2,544.4	462.9	22.2%	8.4%

Table 22

Netted LaLiga Santander • Variation in personnel expenses

LaLiga Santander Netted	2011-12	2012-13	2013-14	2014-15	2015-16	2015-16 vs 2014-15	Season Variation %	CAGR %
Sports personnel	569.9	508.8	542.2	528.8	664.6	135.8	25.7%	3.9%
Sports personnel Expenses	51.2%	52.2%	53.9%	50.2%	47.3%			
Sports personnel Income	60.0%	47.8%	50.1%	45.4%	43.9%			
Sports personnel (Income – Expenses)	68.5%	57.7%	59.1%	57.0%	51.0%			
Non-sports personnel	61.1	55.8	59.5	74.3	92.4	18.1	24.4%	10.9%
Non-sports personnel Expenses	5.5%	5.7%	5.9%	7.0%	6.6%			
Non-sports personnel Income	6.4%	5.2%	5.5%	6.4%	6.1%			
Non-sports personnel (Income – Expenses)	7.3%	6.3%	6.5%	8.0%	7.1%			
Total personnel	631.0	564.6	601.7	603.1	756.9	153.9	25.5%	4.7%
Total personnel Expenses	56.7%	57.9%	59.8%	57.2%	53.9%			
Total personnel/Income	66.4%	53.0%	55.6%	51.8%	50.0%			
Total personnel (Income – Expenses)	75.9%	64.0%	65.6%	65.0%	58.1%			
LaLiga Santander Netted Expenses	1,112.6	974.6	1,006.4	1,053.7	1,405.4	351.7	33.4%	6.0%
LaLiga Santander Netted Income	950.3	1,065.5	1,082.3	1,163.9	1,512.8	348.9	30.0%	12.3%
LaLiga Santander Netted Income Transfers	831.8	881.6	916.9	927.2	1,302.2	375.0	40.4%	11.9%



Table 23

Netted LaLiga • Variation in personnel expense

LaLiga Netted	2011-12	2012-13	2013-14	2014-15	2015-16	2015-16 vs 2014-15	Season Variation %	CAGR %
Sports personnel	664.8	615.5	628.3	617.5	764.4	146.9	23.8%	3.6%
Sports personnel Expenses	51.3%	51.9%	52.9%	49.2%	47.2%			
Sports personnel Income	61.6%	50.5%	50.7%	45.3%	43.9%			
Sports personnel (Income – Expenses)	70.3%	61.0%	59.8%	55.4%	50.5%			
Non-sports personnel	73.4	71.3	76.7	96.4	115.8	19.5	20.2%	12.1%
Non-sports personnel Expenses	5.7%	6.0%	6.5%	7.7%	7.2%			
Non-sports personnel Income	6.8%	5.9%	6.2%	7.1%	6.7%			
Non-sports personnel (Income – Expenses)	7.8%	7.1%	7.3%	8.7%	7.7%			
Total personnel	738.2	686.8	705.0	713.9	880.3	166.4	23.3%	4.5%
Total personnel Expenses	57.0%	58.0%	59.4%	56.8%	54.4%			
Total personnel/Income	68.4%	56.4%	56.8%	52.4%	50.6%			
Total personnel (Income – Expenses)	78.0%	68.1%	67.1%	64.1%	58.2%			
LaLiga Netted Expenses	1,295.5	1,185.0	1,187.1	1,256.0	1,618.3	362.3	28.8%	5.7%
LaLiga Netted Income	1,079.1	1,218.1	1,240.2	1,362.2	1,740.5	378.2	27.8%	12.7%
LaLiga Netted Income Transfers	946.1	1,008.2	1,051.1	1,114.2	1,513.4	399.3	35.8%	12.5%





Earnings Continue To
Consolidate

In 2015-16 the clubs continued to work towards the goal of improving earnings. To do so they have generally increased their expenses by a smaller margin than their income. As we have already analysed in depth, these favourable changes have been apparent in all the categories under study. For the following analysis we have used the three most important indicators of book earnings for each category of Spanish professional football considered in this Report:

- **EBITDA¹³**, (*earnings before interest, tax, depreciation and amortisation*) which in turn has been calculated in three alternative ways:

- **EBITDA**: defined as the net earnings of the clubs without corporation tax, financial earnings, depreciation and amortisation and losses, impairment and changes in provisions and trade transactions.

- **Adjusted EBITDA**: defined as **EBITDA** minus other formal accounting criteria that do not affect structural cash flows: earnings from endowment and application of other provisions, accounting restatements for impairment and appreciation and other non-structural restatements and non-recurring accounting or extraordinary earnings.

- **Adjusted EBITDA net of Transfers (normalised EBITDA)**: calculated like **adjusted EBITDA** from which net earnings from *transfers* are subtracted.

- **EBIT**: *Earnings before interest and taxes*

- **EBT***: *Earnings before tax*, which is calculated as the aggregated earnings of the clubs before corporate income tax.

Analysing the **EBITDA**, **EBIT** and **EBT** for **LaLiga**, it can be seen that all earnings improve significantly in the 2015-16 season to reach levels never before achieved in any of the categories under study.

Earnings 2015-16 LaLiga:

An outstanding qualitative step forward (amount and y-o-y variation)

Adjusted EBITDA	781.8 M €	+24.0%
EBITDA	689.8 M €	+17.0%
Normalised EBITDA	503.5 M €	+78.7%
EBIT	272.1 M €	+39.6%
EBT*	201.2 M €	+12.0% ¹⁴

* EBT figures are before extraordinary financial results deriving from debt condonation.

¹³ **EBITDA** is a fundamental, internationally accepted measure of a company's operating performance although it is not considered in the General Accounting Plan (PGC) in force in Spain. In fact, although it is sometimes equated with gross operating earnings, it is not exactly the same and, as reflected in this Report, its calculation is open to interpretation.

¹⁴ The year-on-year growth of EBT would amount to only +1.2% if the extraordinary financial results deriving from insolvency debt condonation in the 2014-15 season (without impact on earnings for 2015-16) were included.

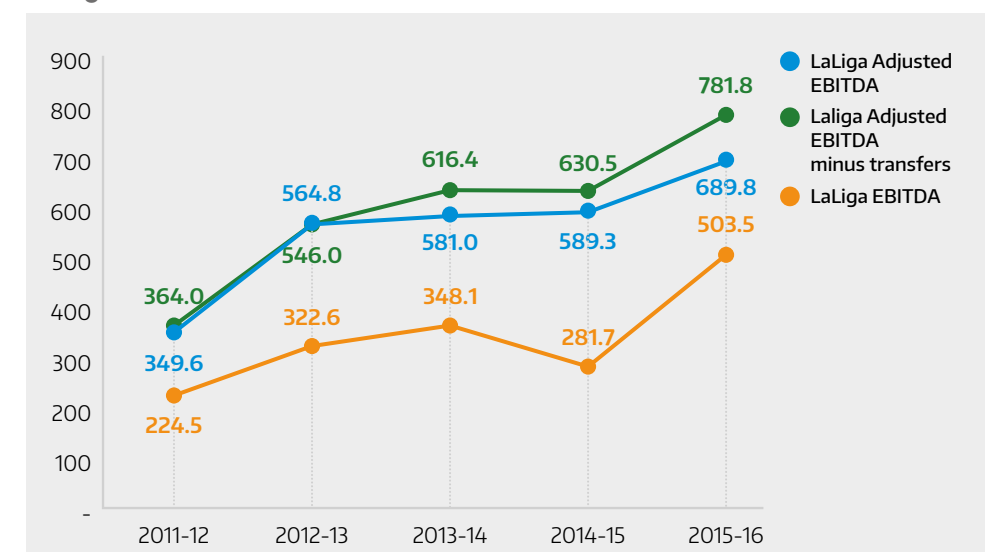
Aggregated **EBITDA** for **LaLiga** stood at 689.8 M €, a year-on-year increase of 100.5 M €, equivalent to an annual growth rate of +17.0%. Throughout the period from 2011-12 to 2015-16, **EBITDA** increased by an absolute amount of 340.2 M € which represents a total variation of +97.3% (doubling its value during these 4 seasons) and a CAGR of +18.5%.

Adjusted EBITDA for **LaLiga**, the most representative magnitude even of the structural or recurring operating performance of the category, amounted to 781.8 M €, a year-on-year increase of 151.3 M € that represents an annual growth rate of 24.0%. The cumulative increase in adjusted EBITDA amounts to 417.8 M € since the 2011-2012 season (total variation: +114.8%; CAGR: +21.1%).

If the *Earnings from Transfers* are subtracted from the **adjusted EBITDA** the amount would be 503.5 M €, i.e. a further increase of 221.8 M €, the equivalent of a year-on-year variation of +78.7%. Growth of this magnitude for the entire period of the historic series would be then be € 279.0 M € (total variation: +124.3%; CAGR: +78.7%). The information provided by this "normalised" **EBITDA** is very significant because it indicates that most of the growth in business performance is coming from the recurring core activities of clubs, particularly *Net Turnover*, and not from the profits on player transfers.

Graph 45

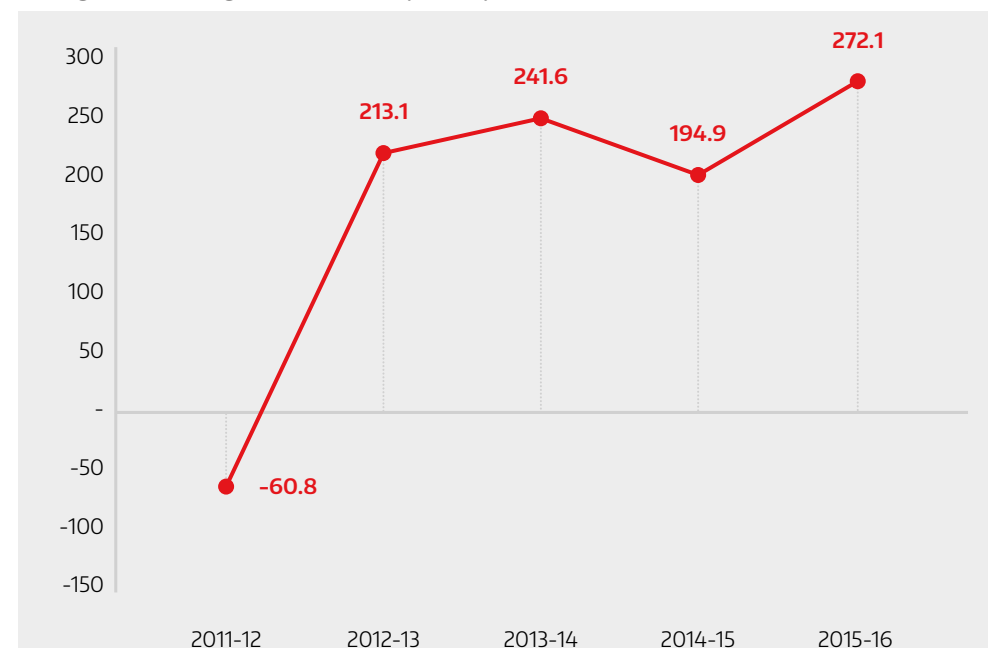
LaLiga • EBITDA



As concerns of **LaLiga's** net operating margin or earnings before interest and taxes (**EBIT**), in the 2015-16 season they totalled € 272.1 M € representing an annual growth of 77.2 M €, a year-on-year increase of +39.6%. It should be noted that only four years ago, at the end of the 2011-12 season, **LaLiga's EBIT** amounted to -60.8 M €, which indicates very poor performance at the time and was the cause, together with the severe indebtedness that we shall discuss later in this Report, of the serious financial and asset position of many Spanish football clubs that have reversed their fortunes in recent years. In this period the League has managed to turn its insolvent position around and enable the **EBIT** to reach a cumulative total of +332.9 M €. The value of the **EBIT** (*net operating profit* in accounting terminology) at the end of the 2015-16 season would be substantially higher if certain formal accounting conventions applied in compliance with prudent valuation criteria and which gave rise to substantial non-recurring growth under the head of *Losses, Impairments and Provisions* had not been included.

Graph 46

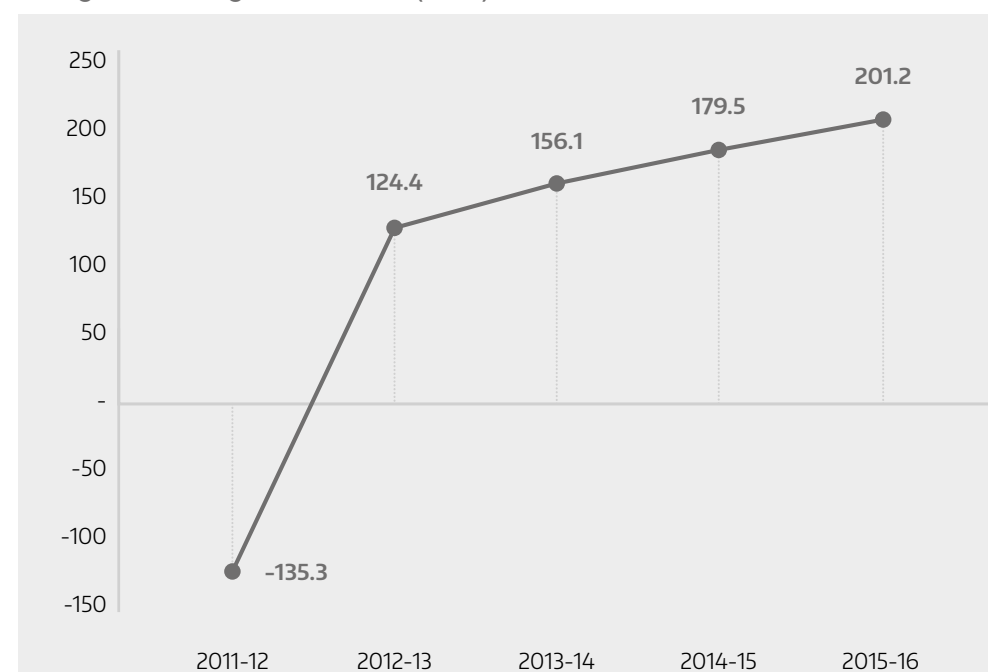
LaLiga • Earnings before tax (EBIT)



All in all, the pre-tax earnings (*EBT*) of *LaLiga* have risen steadily to reach the commendable figure of 201.2 M € in 2015-16, a year-on-year increase of +12.0%.¹⁵ As for the *EBIT*, the League has managed to turn this magnitude around: the figure for the 2011-12 financial year was -135.3 M €. This means that the cumulative increase stands at 336.5 M € in four years and represents a satisfactory level of gross (pre-tax) earnings for *LaLiga* in comparison with the activity and business volume of other leagues considered as benchmarks of financial management.

Graph 47

LaLiga • Earnings before tax (EBT)



¹⁵ For comparative purposes the extraordinary financial earnings deriving from the insolvency debt condonation (absent in 2015-16 once the financial restructuring process drew to a close) have been omitted from the EBT graphs for the seasons in question. The year-on-year variation rate for the EBT in the last year would be 1.2% if 19.2 M € of financial earnings from these processes are included.

Table 24

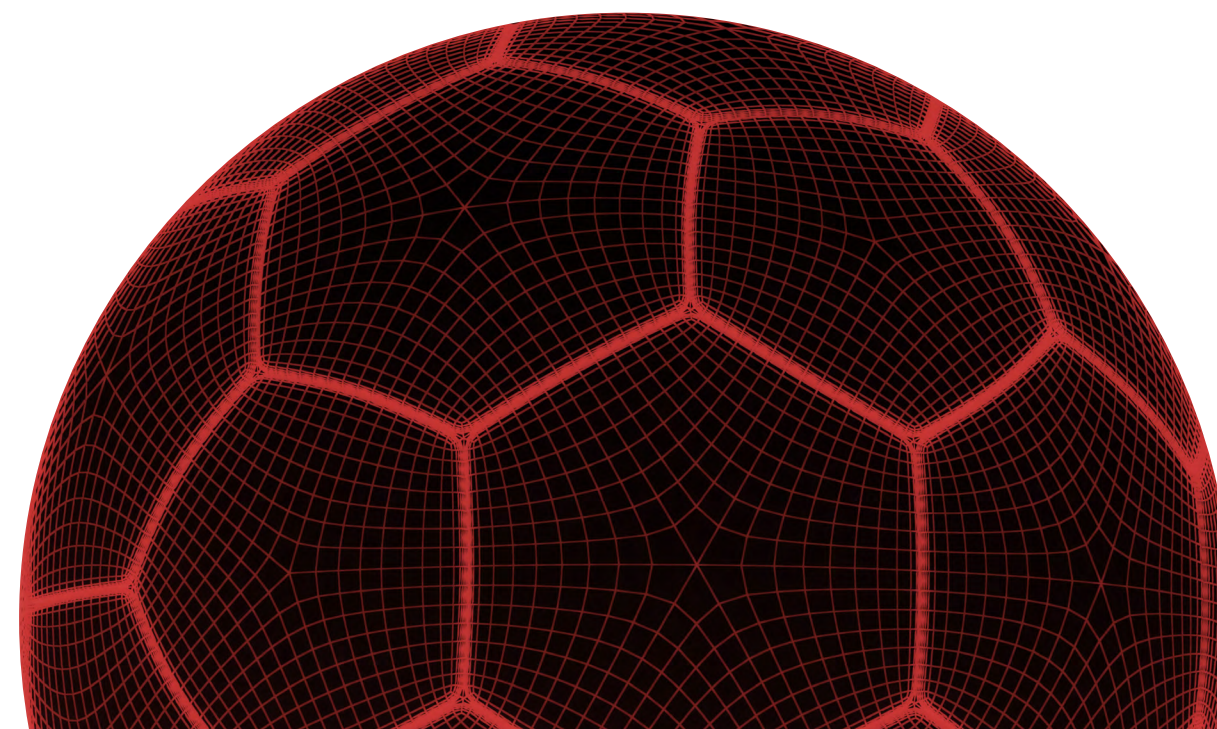
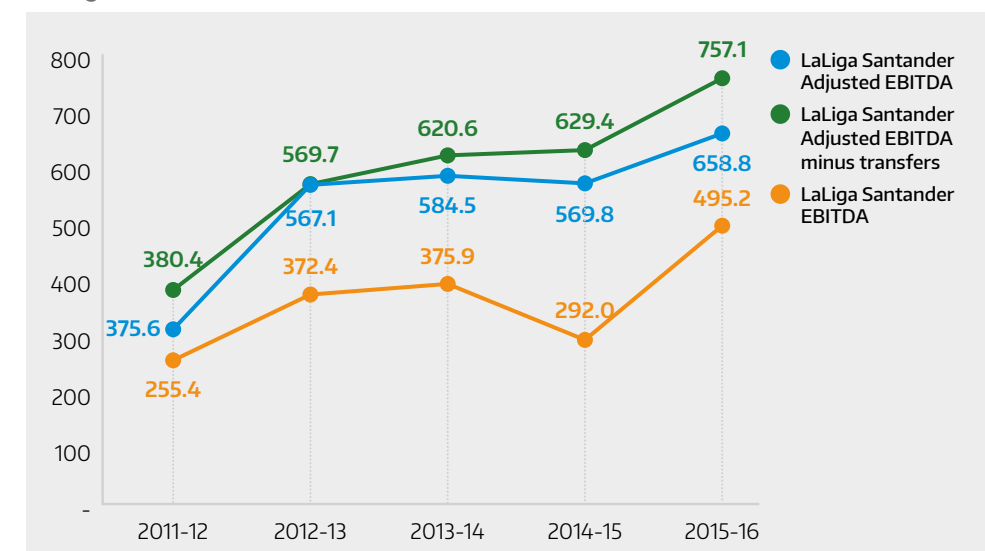
LaLiga • Variation in Earnings

LaLiga earnings	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
EBITDA	349.6	564.8	581.0	589.3	689.8	+18.5%	+97.3%
Adjusted EBITDA	364.0	546.0	616.4	630.5	781.8	+21.1%	+114.8%
Adjusted EBITDA minus transfers	224.5	322.6	348.1	281.7	503.5	+22.4%	+124.3%
EBIT	-60.8	213.1	241.6	194.9	272.1	-	-
EBT	-135.3	124.4	156.1	179.5	201.2	-	-

When applied to *LaLiga Santander* these same indicators provide very similar results to those of *LaLiga* in all three cases (*EBITDA*, *EBIT* and *EBT*). *LaLiga Santander* contributes the vast majority (between 93% and 96% of all three indicators analysed in relation to the 2015-16 season) of the results obtained by *LaLiga* and their variation over time.

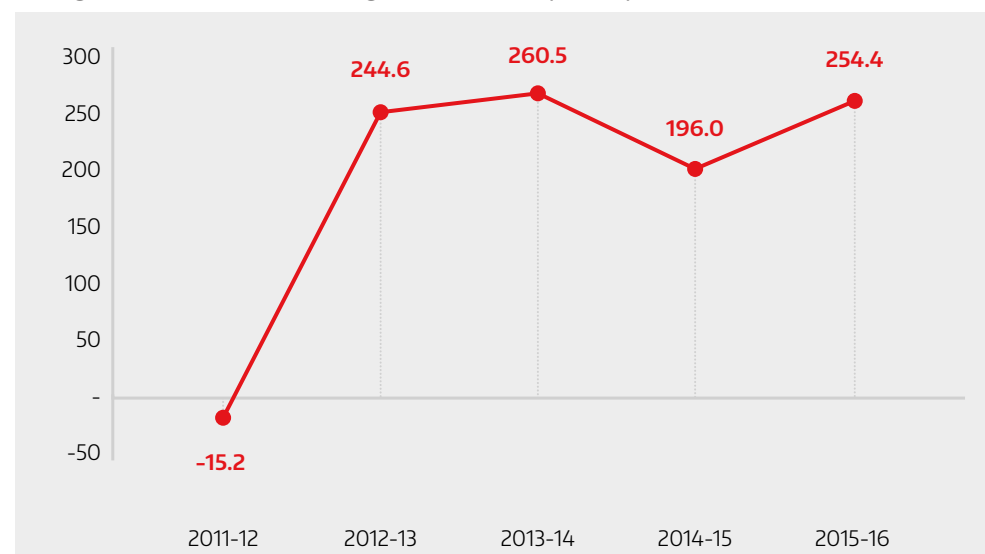
Graph 48

LaLiga Santander • EBITDA



Graph 49

LaLiga Santander • Earnings before tax (EBIT)



Graph 50

LaLiga Santander • Earnings before tax (EBT)

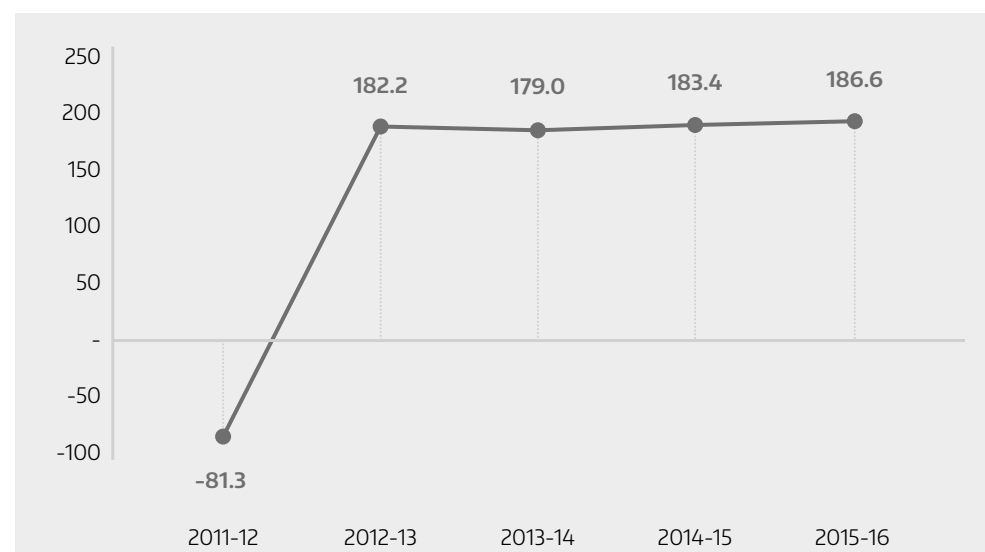


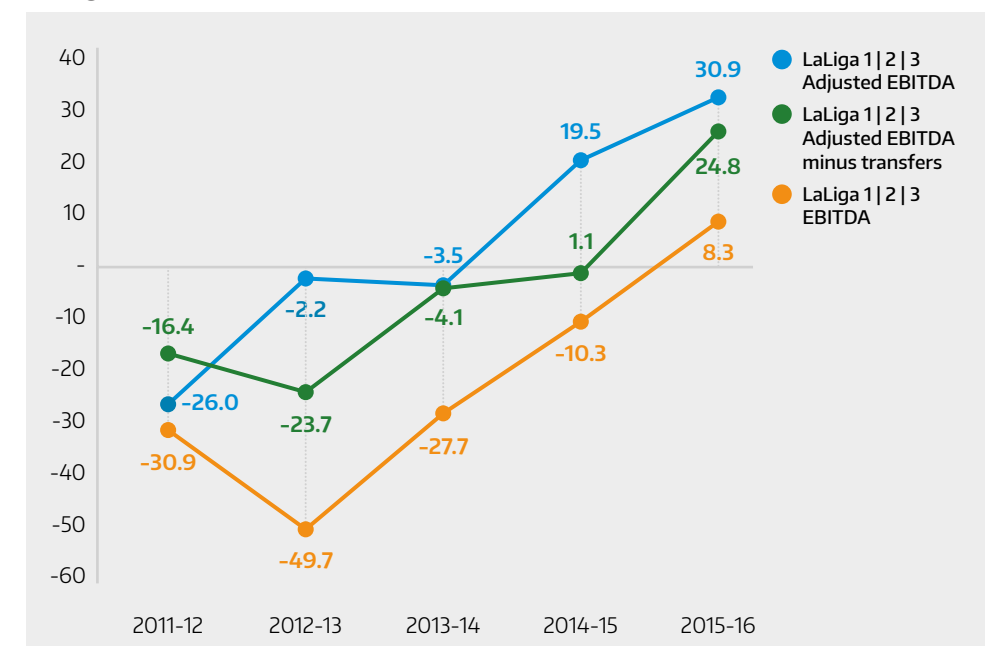
Table 25

LaLiga Santander • Variation in Earnings

Earnings LaLiga Santander	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
EBITDA	375.6	567.1	584.5	569.8	658.8	+15.1%	+75.4%
Adjusted EBITDA	380.4	569.7	620.6	629.4	757.1	+18.8%	+99.0%
Adjusted EBITDA minus transfers	255.4	372.4	375.9	292.0	495.2	+18.0%	+93.9%
EBIT	-15.2	244.6	260.5	196.0	254.0	-	-
EBT	-81.3	182.2	179.0	183.4	186.6	-	-

Graph 51

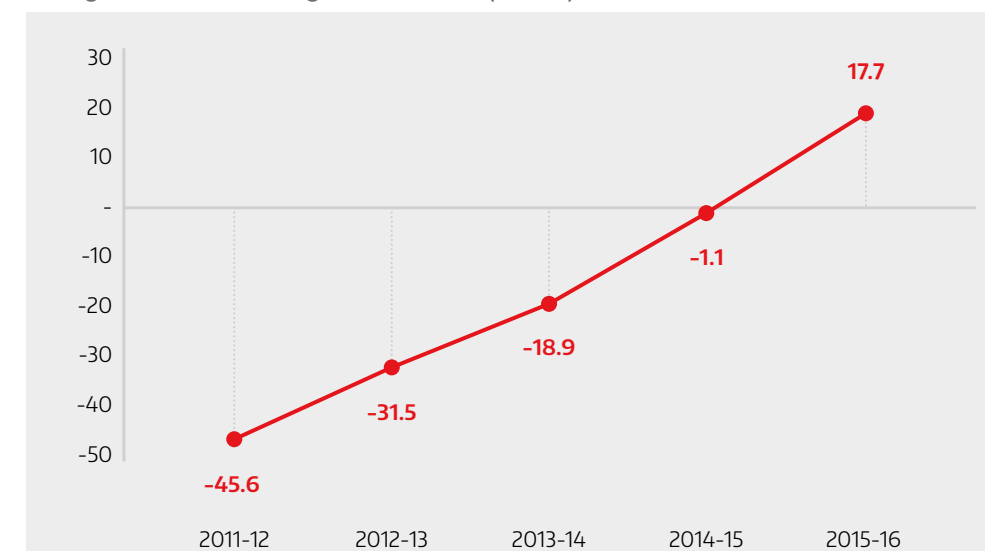
LaLiga 1|2|3 • EBITDA



The conclusions drawn from the *EBIT*, which moves out of the red for the first time in the period under study to reach 17.7 M € that represents an absolute variation of +18.8 M € year-on-year and of M € +63.2 compared to the 2011-12 season.

Graph 52

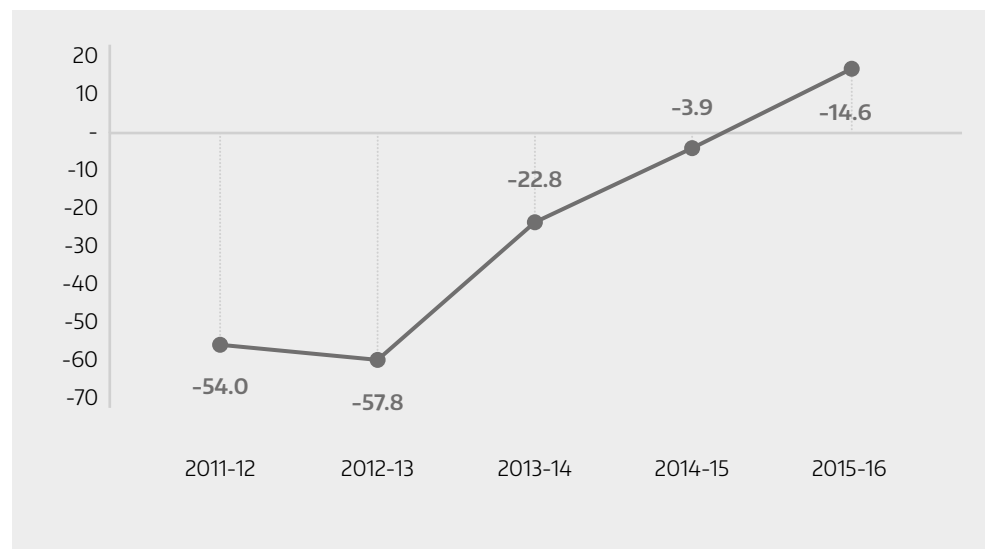
LaLiga 1|2|3 • Earnings before tax (EBIT)



Likewise, the *EBT* for *LaLiga 1/2/3* breaks into the black for the first time in the series to the tune of 14.6 M €. This very satisfactory figure represents an annual increase of +18.4 M € compared to the previous season and +68.6 M € over the four years. This result is especially remarkable considering that for the first time there has been no contribution from extraordinary financial revenues associated with debt condonation in bankruptcy proceedings.

LaLiga 1/2/3 • Profit before tax (EBT)

Graph 53



LaLiga 1/2/3 • Variation in Earnings

Table 26

Earnings LaLiga 1/2/3	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
EBITDA	-26.0	-2.2	-3.5	19.5	30.9	-	-
Adjusted EBITDA	-16.4	-23.7	-4.1	1.1	24.8	-	-
Normalized EBITDA	-30.9	-49.7	-27.7	-10.3	8.3	-	-
EBIT	-45.6	-31.5	-18.9	-1.1	17.7	-	-
EBT	-54.0	-57.8	-22.8	-3.9	14.6	-	-

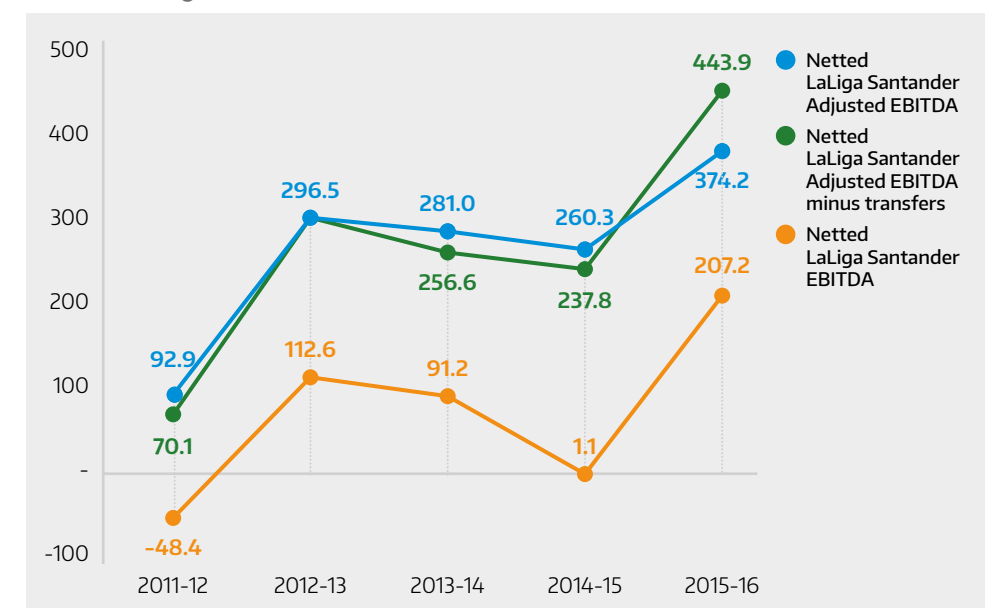
Finally, it is worthwhile taking a glance at the abridged categories *Netted LaLiga Santander* and *Netted LaLiga* to measure the impact of the annual earnings of the two biggest clubs on each of the other groupings respectively.

The indicators for *Netted LaLiga Santander* show very similar variations to those of *LaLiga Santander*, although with some slight differences. As can be seen, the *EBITDA* for *Netted LaLiga Santander* rose by 114.0 M € (a year-on-year variation of +43.8%) in the 2015-16 season to reach 374.2 M €. Two very significant aspects may be highlighted in relation to this fact:

- Today *Netted LaLiga Santander's* contribution to the total *EBITDA* of *LaLiga Santander* is 57% compared to scarcely 25% in the 2011-12 season. The above points to the extremely important fact that the distribution of the business performance between the two biggest clubs and the rest that comprise the First Division is much more balanced, an aspect of vital importance for the sustainability of the competition at all levels.
- The *EBITDA* of *Netted LaLiga Santander* is growing faster than that of *LaLiga Santander*; +43.8% vs. +15.6% in the 2015-16 season and +41.7% vs. +15.1% CAGR over the last four financial years. This points to a growing convergence, confirmed last year, of the clubs that comprise the First Division of Spanish football.
- For the first time the *normalized EBITDA* of *Netted LaLiga Santander*, i.e. *EBITDA* without taking *Transfers* into account, exceeded 200 M €.

Netted LaLiga Santander • EBITDA

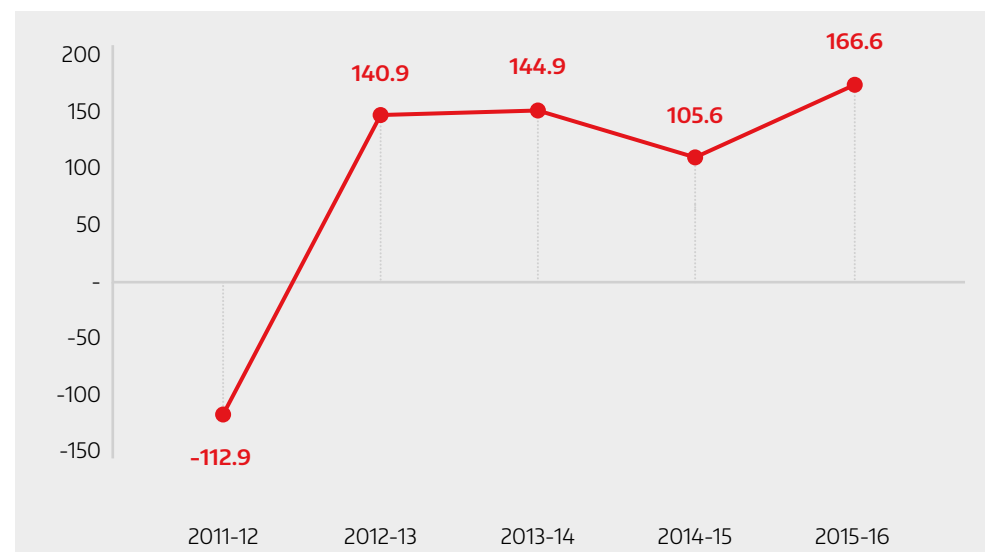
Graph 54



Similar conclusions can be drawn from the *EBIT* of *Netted LaLiga Santander* that stood at 166.6 M € in 2015-16, an increase of 61.0 M €, the equivalent of a year-on-year variation of +57.8 %. The cumulative increase since the 2011-12 season is 281.4 M €. This variation is also higher than in *LaLiga Santander* and accounts for two thirds of the operating earnings produced by the latter.

Graph 55

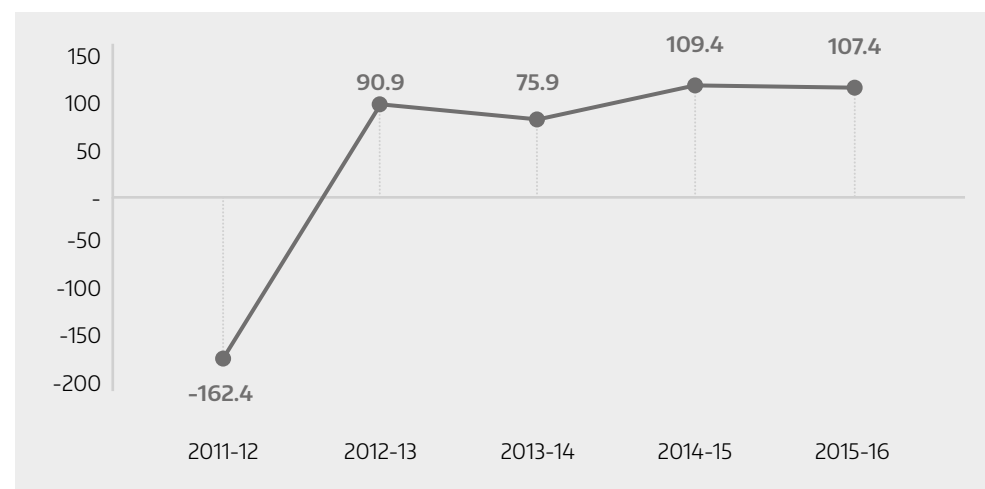
Netted LaLiga Santander • Earnings (EBIT)



Finally, the *EBT* for *Netted LaLiga Santander* reached 166.6 M € in 2015-16, almost identical earnings to those achieved last season.

Graph 56

LaLiga Santander • Earnings before tax (EBT)



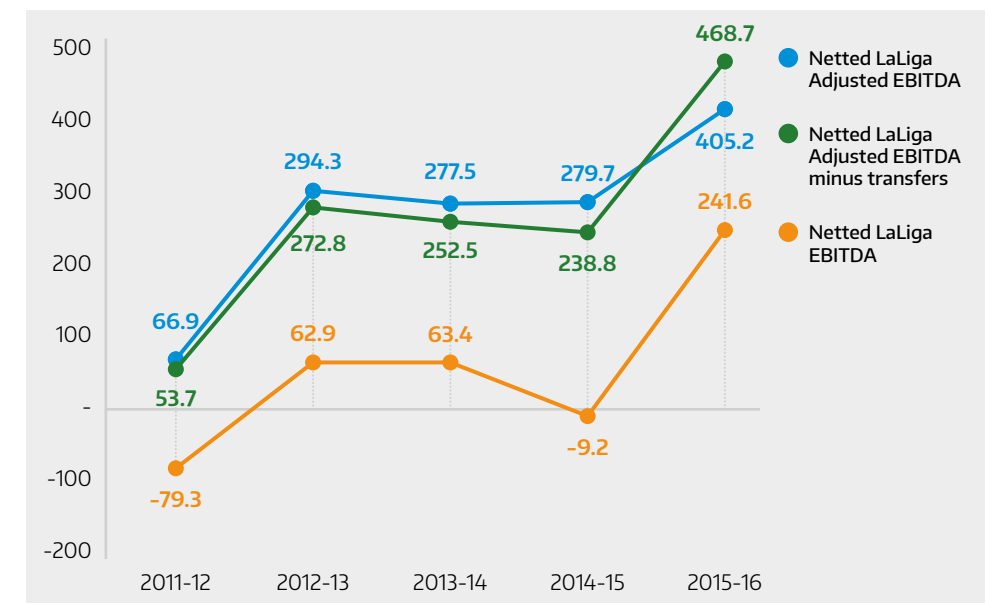
Netted LaLiga Santander • Variation in Earnings

Earnings	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
Netted LaLiga Santander							
EBITDA	92.9	265.5	281.0	260.3	374.2	+41.7%	+303.0%
Adjusted EBITDA	70.1	296.5	256.6	237.8	443.9	+58.7%	+533.6%
Adjusted EBITDA minus transfers	-48.4	112.6	91.2	1.1	207.2	-	-
EBIT	-112.9	140.9	144.9	105.6	166.6	-	-
EBT	-162.4	90.9	75.9	109.4	107.4	-	-

Table 27

Graph 57

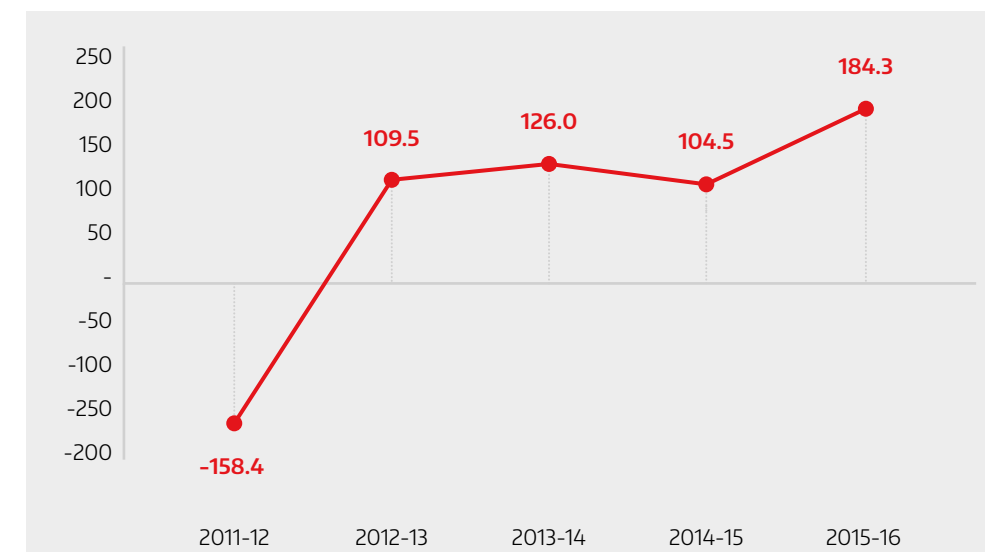
Netted LaLiga • EBITDA



Similar conclusions can be drawn from the variation in *EBIT*, which amounted to 184.3 M €, an increase of 79.8 million for the year, the equivalent of a +76.3% growth rate. The absolute cumulative increase totals 342.7 M € since the 2011-12 season (when *EBIT* was negative to the tune of -158.4 M €).

Graph 58

Netted LaLiga • Earnings before tax (EBT)



This good management has naturally had an impact on the *EBT*, which in 2015-16 reached 122.0 M €, an increase of 16.4 M € and the equivalent of a year-on-year variation of +15.6 %. The absolute cumulative increase totals 338.3 M € since the 2011-12 season (when *EBIT* was negative to the tune of -216.4 M €).

Graph 59

Netted LaLiga • Earnings before tax (EBT)

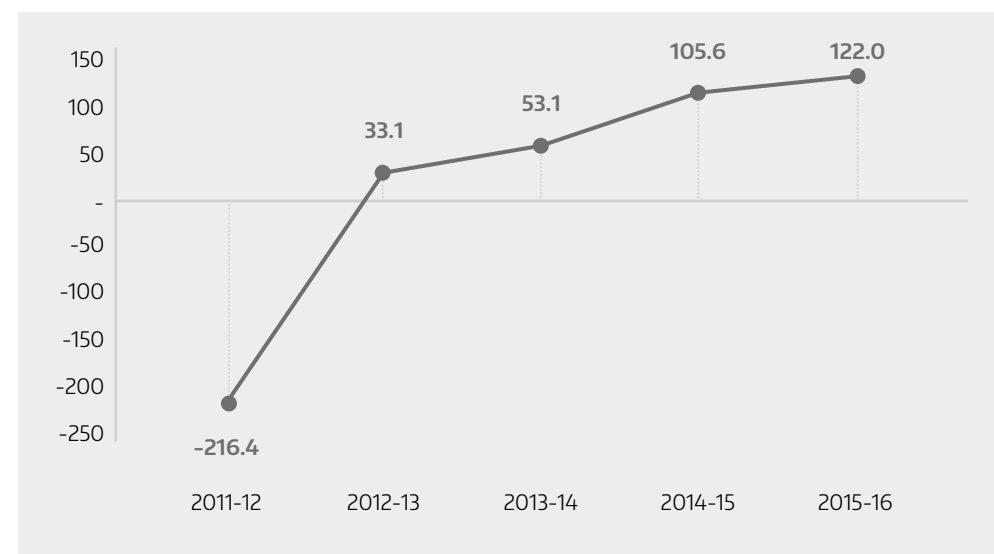


Table 28

Netted LaLiga • Variation in Earnings

Earnings Netted LaLiga	11-12	12-13	13-14	14-15	15-16	CAGR% 4 years	% Variation 4 years
EBITDA	66.9	294.3	277.5	279.7	405.2	+56.9%	+505.7%
Adjusted EBITDA	53.7	272.8	252.5	238.8	468.7	+71.9%	+773.5%
Normalized EBITDA	-79.3	62.9	63.4	-9.2	241.6	-	-
EBIT	-158.4	109.5	126.0	104.5	184.3	-	-
EBT	-216.4	33.1	53.1	105.6	122.0	-	-





The equity position goes from
strength to strength

As a result of the constant growth of earnings analysed in the previous section for all the categories, the *Net Asset Value* of the clubs has been substantially enhanced, rising from 708.9 M € in the 2014-15 season to 1,069.5 M € in 2015-16, an increase of 360.6 M €, the equivalent of a +50.9% growth rate. Since the 2011-12 season the *Net Asset Value* of *LaLiga* has increased by 772.5 M € (total variation: +260.1% / CAGR: +37.8%).

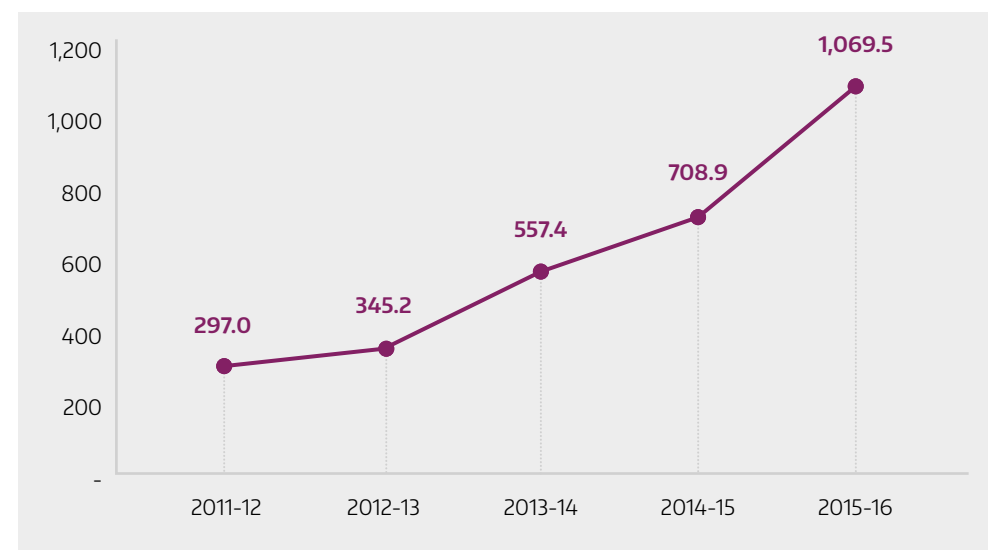
It should be noted that this process of sustained strengthening of the asset position of professional teams in Spanish football has also had positive repercussions on the success of the capital increases carried out by many individual clubs in recent years in addition to the accumulation of positive earnings. These capitalisation strategies have also significantly influenced the clubs' zero dividend allocation policies. This does not mean that some clubs would not be able to gradually begin to remunerate their shareholders in the short or medium term, provided that the sport-related and financial management of recent financial years is maintained in the future.

With respect to the increment in *Net Asset Value* and reduction of indebtedness that will be analysed below, these movements have caused the ratio of *Net Asset Value* to *Total Liabilities* to improve from 7.4% in the 2011-12 season to 24.0% in the 2015-16 season, an important development for strengthening the balance sheet structure of *LaLiga* and, by extension, of its financial solvency.

It should be remembered at this point that of the total of 42 teams that make up the First and Second Division of Spanish professional football, a total of 23 clubs have had to face insolvency proceedings in recent years. This situation has now been successfully overcome and their financial position is, as a general rule, sound and consolidated.

LaLiga • Net Asset Value

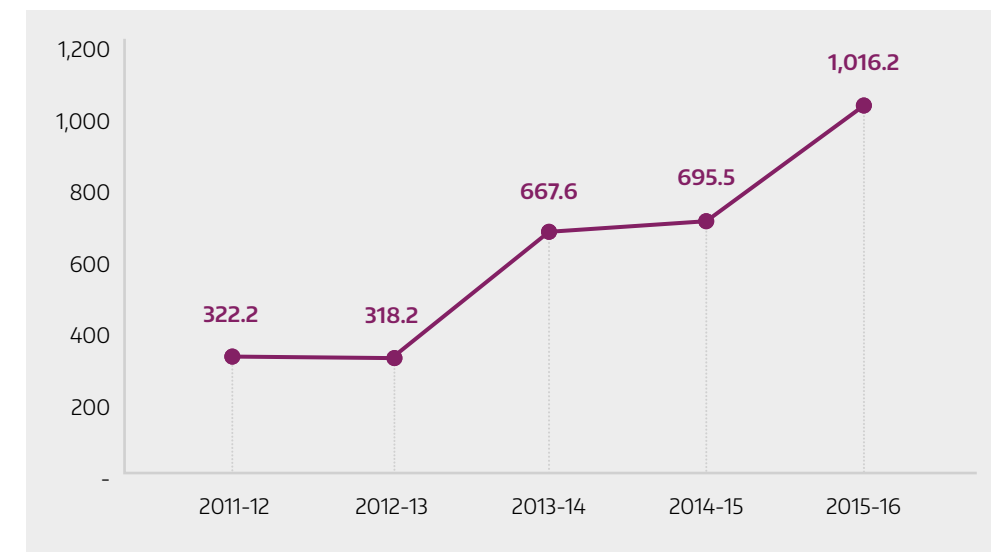
Graph 60



On the individual level *LaLiga Santander* is developing in a similar manner to *LaLiga*. This is because 95% of the *Net Asset Value* of *LaLiga* is attributable to First Division clubs. The balance progressed from 695.2 M € in the 2014-15 season to 1,016.2 M € in the 2015-16 season, an increase of 320.6 M €, the equivalent of a +46.1% growth rate. Since the 2011-12 season the *Net Asset Value* of *LaLiga* has increased by 693.9 M € (total variation: +215.4% / CAGR: +33.3%).

Graph 61

LaLiga Santander • Equity



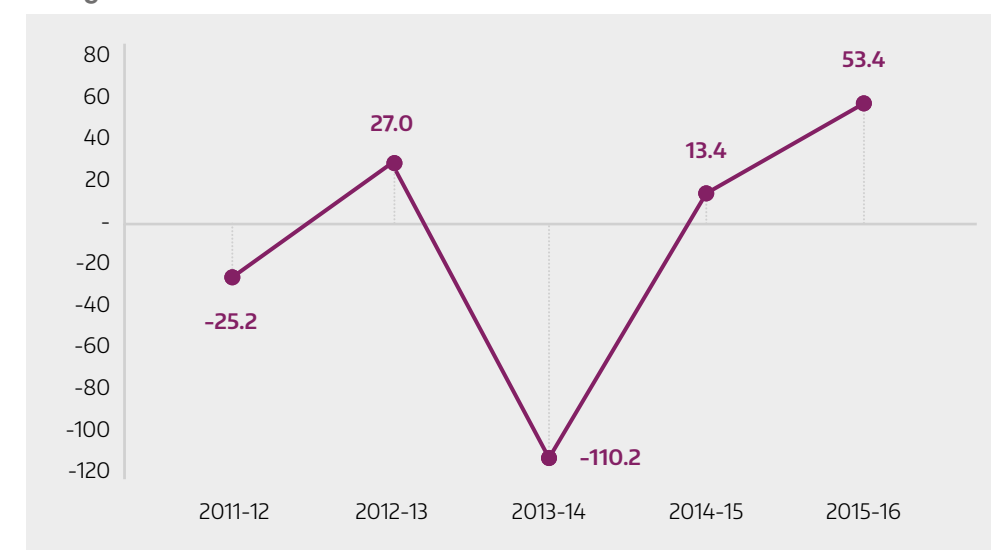
LaLiga 1/2/3 deserves special attention. Capital and reserves increased from 13.4 M € in the 2014-15 season to 53.4 M € in the 2015-16 season, an increase of 39.9 M €, the equivalent of a +297.1% growth rate. Net Asset Value has increased by 78.5 M € since the 2011-12 season, an extremely important development considering that the balance was negative in that season, standing at -25.2 M €, a position of technical bankruptcy that affected *LaLiga 1/2/3* as a whole.

Despite the considerable capitalisation effort of the clubs involved, the ratio of *Net Asset Value* to *Total Liabilities* of *LaLiga 1/2/3* in 2015-16 is 12.2%, substantially below the 25.3% reported by *LaLiga Santander*. This indicates that the Second Division clubs must continue to address the process of strengthening their balance sheets in the coming years to a greater extent than those in First Division.

It is as well to remember that due to the small dimensions of the balance sheet and low level of recapitalisation of *LaLiga 1/2/3* there are seasons, such as in 2013-14, when the relegation from First Division of a big club in a difficult asset position causes unexpected impacts on the aggregate of the category.

Graph 62

LaLiga 1/2/3 • Net Asset Value



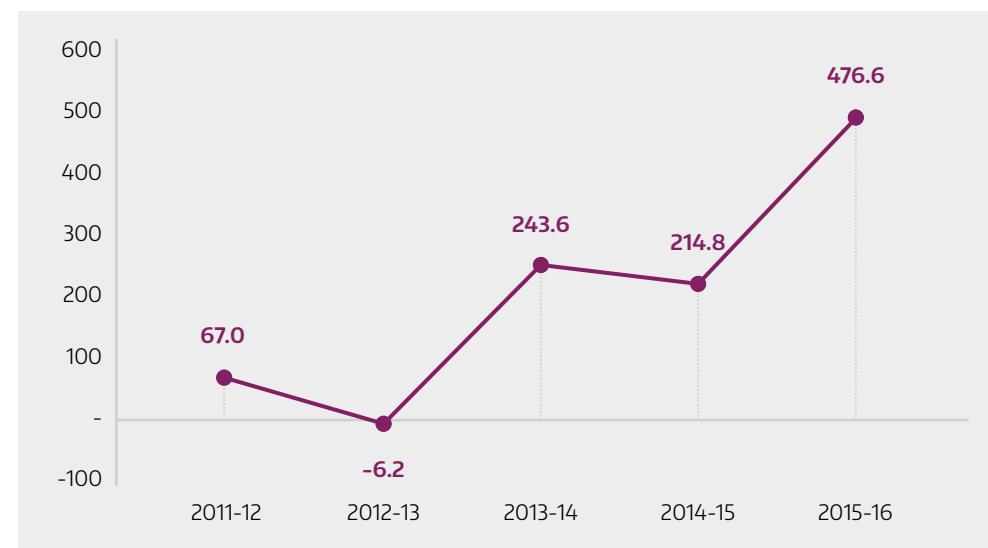
Further analysis shows that the variation in these parameters has been even more positive. The capital and reserves position of **Netted LaLiga Santander** is worth a closer look. This category, made up of the First Division clubs minus the two biggest, is the group that has made the greatest improvements in its *Net Asset Value*.

The balance rose from 214.8 M € in the 2014-15 season to 476.6 M € in 2015-16, an increase of 261.8 M €, the equivalent of a +121.9% growth rate. Since the 2011-12 season the *Net Asset Value* of **Netted LaLiga Santander** has increased by 409.6 M € (total variation: +611.3% / CAGR: +63.3%). This growth rate is considerably higher in relative terms (almost double) than that of **LaLiga Santander**, which indicates that the greatest capitalisation effort has been made by First Division clubs different from the two with the highest turnover and capital.

However, the ratio of *Net Asset Value* to *Total Liabilities* of **Netted LaLiga Santander** (19.6%) is somewhat lower than that of **LaLiga Santander** (25.3%), which indicates that there is still some way to go to reach the level of the two biggest clubs in relative terms. However, the current differential of less than 6 percentage points was 9.5 percentage points only three seasons ago.

Netted LaLiga Santander • Net Asset Value

Graph 63

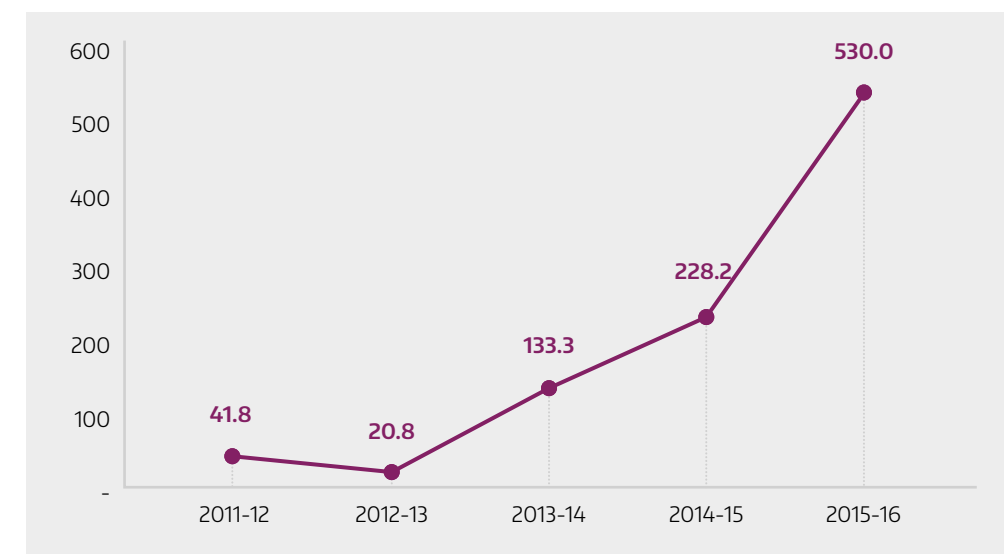


Likewise, the *Net Asset Value* of **Netted LaLiga** increased by 301.7 M € from 228.2 M € for the 2014-15 season to 530.0 M € in 2015-16, an increment of 132.2%.

The ratio of *Net Asset Value* to *Total Liabilities* of **Netted LaLiga** improved from a frail 1.5% in the 2011-12 season to a more robust 18.5% in 2015-16.

Graph 64

Netted LaLiga • Net Asset Value





More balanced
and sustainable debt

THE DECLINE OF TOTAL DEBT ACCELERATED

This section analyses the variation in gross and net debt of the club categories under study. Calculation of the *Total Net Debt* in this report was performed as follows:

$$\text{Total Net Debt} = \text{Total Gross Debt} + \text{Adjustments}$$

To do so, *Total Gross Debt* was obtained by adding *Non-Current Liabilities* (NCL) and *Current Liabilities* (CL) and subtracting (i.e. the amount is written off) *Deferred Tax Liabilities* (DTL). Adjustments that reduce Gross Debt are calculated as addition of the following asset accounts: *Receivables from debtor sporting bodies* (SBD), *Cash and Cash Equivalents* (CCE) and *Financial Investments* (FI)

$$\text{Total Gross Debt} = \text{NCL} + \text{CL} - \text{DTL}$$

$$\text{Adjustments} = - \text{SBD} + \text{CCE} + \text{FI}$$

This, therefore, represents the broadest possible - and at the same time the most conservative - definition of indebtedness and includes not only the net debit balances of clubs with financial institutions but also any other type of trade or fiscal debt of the same plus short and long term accruals and provisions. This concept of the broad perimeter of *Total Debt* is consistent with the reality of the clubs, which have traditionally reported significant long-term debit balances with other clubs, with the Tax Agency and with public administrations, thus replacing other forms of indebtedness more common in other economic activities.

Taking *LaLiga* as a whole, reduction in *Total Net Debt* in the 2015-16 financial year amounted to -276.6 M €, equivalent to an annual growth rate of -10.4%. Since 2011-12, when the current deleveraging process began, the cumulative reduction is -834.3 M € (total variation: -25.9%/CAGR: -7.2%).

The same trend is observed in all the categories analysed over the last five seasons.

Graph 65

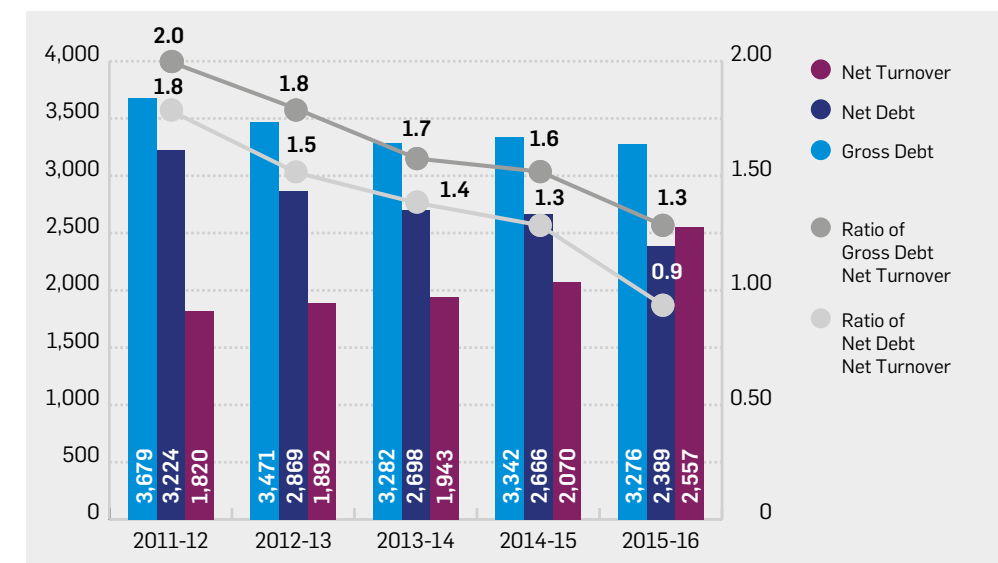
Graph 66

TOTAL DEBT RATIOS ARE VERY CLOSE TO THE OBJECTIVE

As a result of the reduction in the total overall indebtedness of the clubs together with the increase in revenues and control of expenses, the ratios of *Total Debt/Net Turnover* and *Total Debt/EBITDA* have made a steady and significant improvement.

The ratio of *Total Net Debt* to *Net Turnover* of *LaLiga* in the 2015-16 season is now below one (specifically 0.9x) for the first time, whereas in the 2011-12 season this ratio was 1.8x. The ratio of *Total Net Debt* to *EBITDA* has fallen to 3.5x, closing in on the expected target (i.e. around 2.5x) and a long way from the 9.2x at the beginning of the series. Even taking the favourable expectations for the coming years in terms of increased revenues and *EBITDA* into account, this is a reasonably sustainable ratio.

LaLiga • Total indebtedness and Net Turnover



LaLiga • Total indebtedness and EBITDA

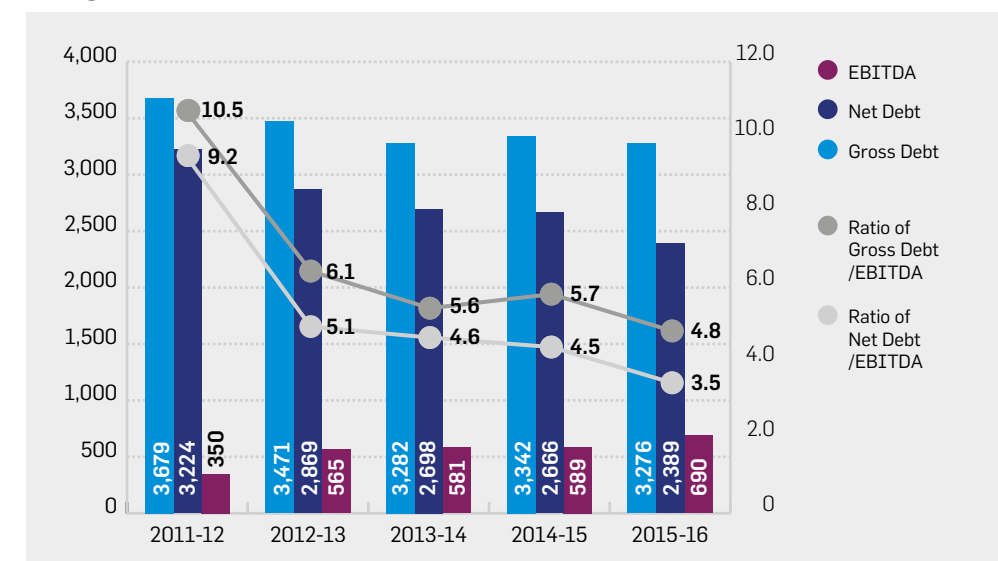


Table 29

LaLiga • Total indebtedness

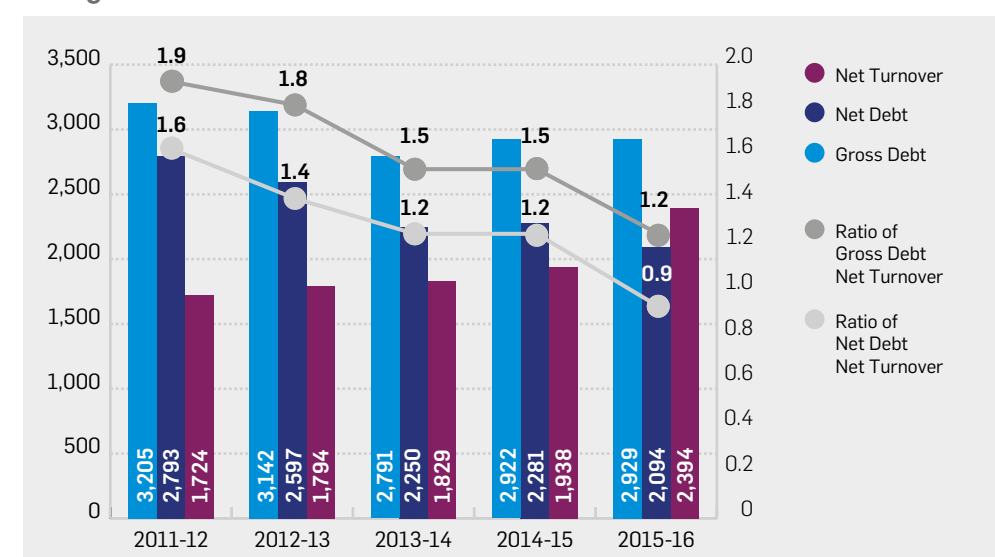
LaLiga	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12 vs 2015-16	TACC % 4 años	Variación % 4 años
Non-current liabilities	1,512	1,449	1,415	1,602	1,385	-127	-2.2%	-8.4%
Current liabilities	2,280	2,130	1,996	1,861	2,002	-278	-3.2%	-12.2%
Deferred tax liabilities	-112	-108	-130	-122	-110	3	-0.6%	-2.3%
Total Gross Debt	3,679	3,471	3,282	3,342	3,276	-403	-2.9%	-10.9%
%Year Variation	-	-5.7%	-5.5%	1.8%	-1.9%			
Sports entities, debtors for transfers	-142	-227	-155	-258	-331	-189	23.6%	133.1%
Financial investments	-91	-55	-59	-79	-142	-51	11.7%	55.8%
Cash and other liquid assets	-222	-320	-370	-339	-413	-191	16.8%	86.2%
Total Net Debt	3,224	2,869	2,698	2,666	2,389	-834	-7.2%	-25.9%
%Year Variation	-	-11.0%	-6.0%	-1.2%	-10.4%			
Net Turnover								
Total Gross Debt Ratio/ Net Turnover	1,820	1,892	1,943	2,070	2,557			
Total Net Debt Ratio/ Net Turnover	2.0x	1.8x	1.7x	1.6x	1.3x			
EBITDA	1.8x	1.5x	1.4x	1.3x	0.9x			
Total Gross Debt Ratio/ EBITDA								
Total Net Debt Ratio/ EBITDA	350	565	581	589	690			
Ratio Deuda Total Bruta/EBITDA	10.5x	6.1x	5.6x	5.7x	4.8x			
Ratio Deuda Total Neta/EBITDA	9.2x	5.1x	4.6x	4.5x	3.5x			

With respect to **LaLiga Santander**, reduction of *Total Net Debt* during the 2015-16 financial year amounted to -187.4 M €, the equivalent of a year-on-year variation of -8.2%. The cumulative reduction since 2011-12, when the current deleveraging process began, is -699.1 M € (total variation: -25.0%; CAGR: -6.9%).

The ratio of *Total Net Debt* to *Net Turnover* in the 2015-16 season is now below one (specifically 0.9x) for the first time, whereas in the 2011-12 season this ratio was 1.6x. The ratio of *Total Net Debt* to *EBITDA* has fallen to 3.2x, clearly distanced from the 7.4x at the beginning of the series.

Graph 67

LaLiga Santander • Total indebtedness and Net Turnover



With respect to **LaLiga Santander**, reduction of *Total Net Debt* during the 2015-16 financial year amounted to -187.4 M €, the equivalent of a year-on-year variation of -8.2%. The cumulative reduction since 2011-12, when the current deleveraging process began, is -699.1 M € (total variation: -25.0%; CAGR: -6.9%).

The ratio of *Total Net Debt* to *Net Turnover* in the 2015-16 season is now below one (specifically 0.9x) for the first time, whereas in the 2011-12 season this ratio was 1.6x. The ratio of *Total Net Debt* to *EBITDA* has fallen to 3.2x, clearly distanced from the 7.4x at the beginning of the series.

Graph 68

LaLiga Santander • Total indebtedness and EBITDA

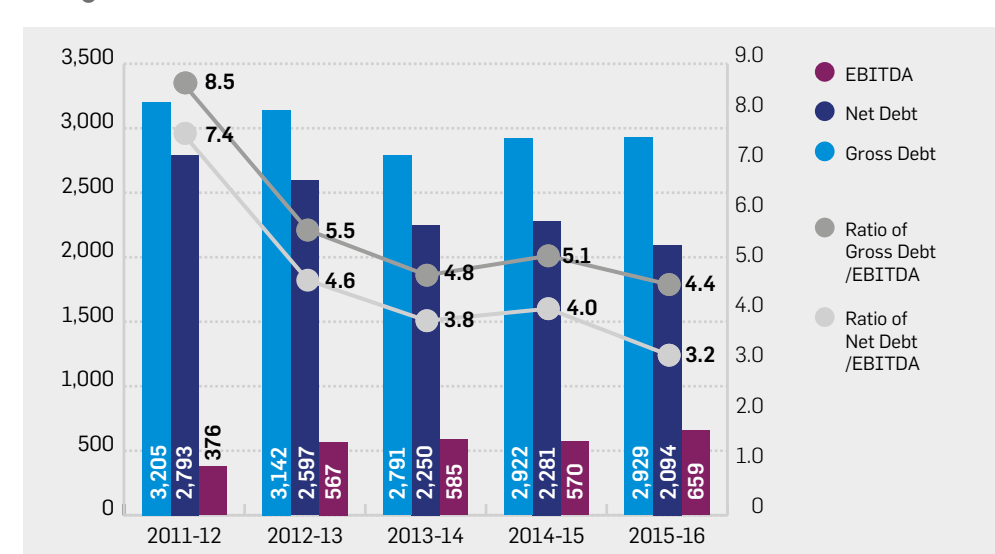


Table 30

LaLiga Santander • Total indebtedness

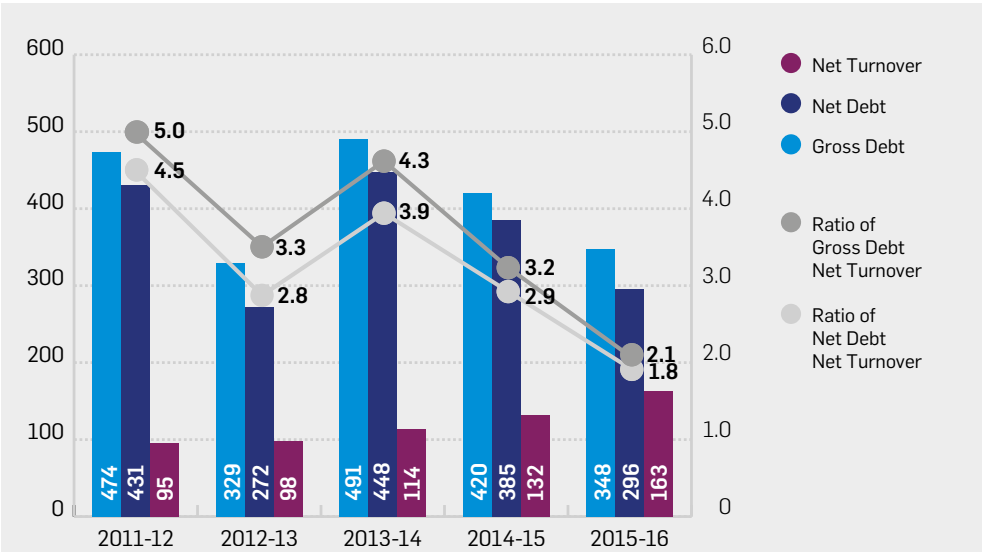
LaLiga Santander	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12 vs 2015-16	TACC % 4 años	Variación % 4 años
Non-current liabilities	1,215	1,255	1,047	1,315	1,116	-100	-2.1%	-8.2%
Current liabilities	2,067	1,970	1,818	1,695	1,888	-179	-2.2%	-8.7%
Deferred tax liabilities	-77	-83	-74	-88	-75	3	-0.9%	-3.5%
Total Gross Debt	3,205	3,142	2,791	2,922	2,929	-276	-2.2%	-8.6%
%Year Variation	-	-2.0%	-11.2%	4.7%	0.2%			
Sports entities, debtors for transfers	-120	-192	-146	-249	-324	-204	28.3%	170.7%
Financial investments	-79	-46	-38	-63	-118	-39	10.6%	49.8%
Cash and other liquid assets	-214	-307	-357	-329	-393	-180	16.5%	84.1%
Total Net Debt	2,793	2,597	2,250	2,281	2,094	-699	-6.9%	-25.0%
%Year Variation	-	-7.0%	-13.4%	1.4%	-8.2%			
Net Turnover								
Total Gross Debt Ratio/ Net Turnover	1,724	1,794	1,829	1,938	2,394			
Total Net Debt Ratio/ Net Turnover	1.9x	1.8x	1.5x	1.5x	1.2x			
EBITDA	1.6x	1.4x	1.2x	1.2x	0.9x			
Total Gross Debt Ratio/ EBITDA								
Total Net Debt Ratio/ EBITDA	376	567	585	570	659			
Ratio Deuda Total Bruta/EBITDA	8.5x	5.5x	4.8x	5.1x	4.4x			
Ratio Deuda Total Neta/EBITDA	7.4x	4.6x	3.8x	4.0x	3.2x			

Graph 69

With respect to *LaLiga 1/2/3*, reduction in *Total Net Debt* in the 2015-16 financial year amounted to -89.1 M €, equivalent to an annual growth rate of -23.2%. Since 2011-12, when the current deleveraging process began, the cumulative reduction is -135.2 M € (total variation: -31.4%/CAGR: -9.0%). The deleveraging rate has been faster than for First Division teams, a logical development considering the higher relative indebtedness of these teams and the more urgent need to restructure their liabilities.

The ratio of *Total Net Debt* to *Net Turnover* in the 2015-16 season is now 1.8x, whereas in the 2011-12 season this ratio was 4.5x. On the other hand, the ratio of *Net Debt* to *EBITDA* has reached 9.6x, still excessively high. Unlike the First Division clubs, Second Division clubs must continue to make a serious effort to reduce their debt in the coming seasons. At all events it should be noted that a good part of this debt is concentrated around clubs with balance structures more typical of the First Division.

LaLiga 1/2/3 • Total indebtedness and Net Turnover



Graph 70

LaLiga 1/2/3 • Total indebtedness and EBITDA

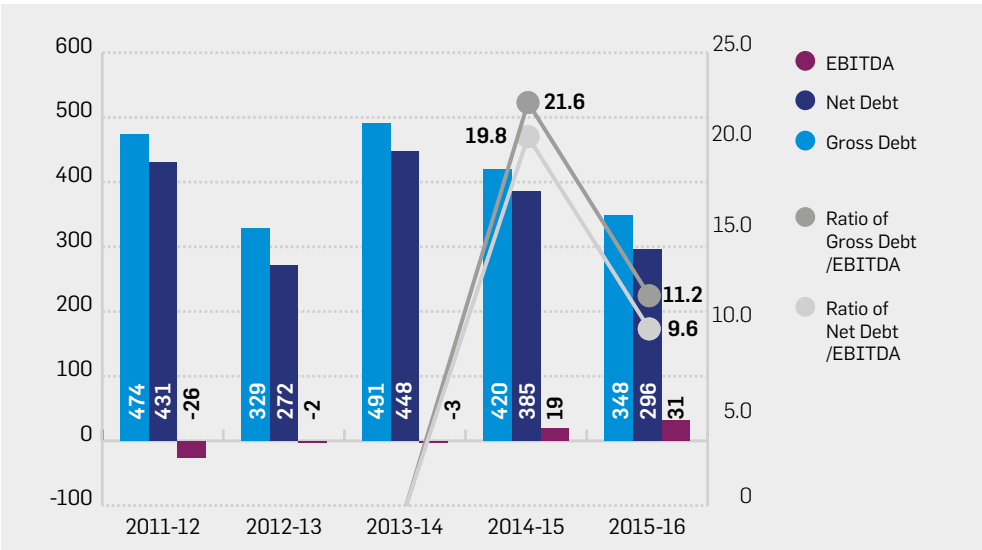


Table 31

LaLiga 1|2|3 • Total indebtedness

LaLiga 1 2 3	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12 vs 2015-16	TACC % 4 años	Variación % 4 años
Non-current liabilities	296	194	368	287	269	-27	-1.9%	-9.2%
Current liabilities	214	160	179	167	114	-99	-11.8%	-46.6%
Deferred tax liabilities	-35	-26	-56	-34	-35	-0	0.1%	0.3%
Total Gross Debt	474	329	491	420	348	-127	-6.0%	-26.7%
%Year Variation	-	-30.7%	49.3%	-14.6%	-17.2%			
Sports entities, debtors for transfers	-23	-34	-9	-8.92	-7	15	-19.9%	-67.1%
Financial investments	-13	-9	-21	-16	-25	-12	13.9%	92.0%
Cash and other liquid assets	-8	-14	-13	-10	-20	-12	19.2%	141.0%
Total Net Debt	431	272	448	385	296	-135	-7.3%	-31.4%
%Year Variation	-	-36.9%	64.8%	-14.1%	-23.2%			
Net Turnover								
Total Gross Debt Ratio/ Net Turnover	95	98	114	132	163			
Total Net Debt Ratio/ Net Turnover	5.0x	3.3x	4.3x	3.2x	2.1x			
EBITDA	4.5x	2.8x	3.9x	2.9x	1.8x			
Total Gross Debt Ratio/ EBITDA								
Total Net Debt Ratio/ EBITDA	-26	-2	-3	19	31			
Ratio Deuda Total Bruta/EBITDA	-	-	-	21.6x	11.2x			
Ratio Deuda Total Neta/EBITDA	-	-	-	19.8x	9.6x			

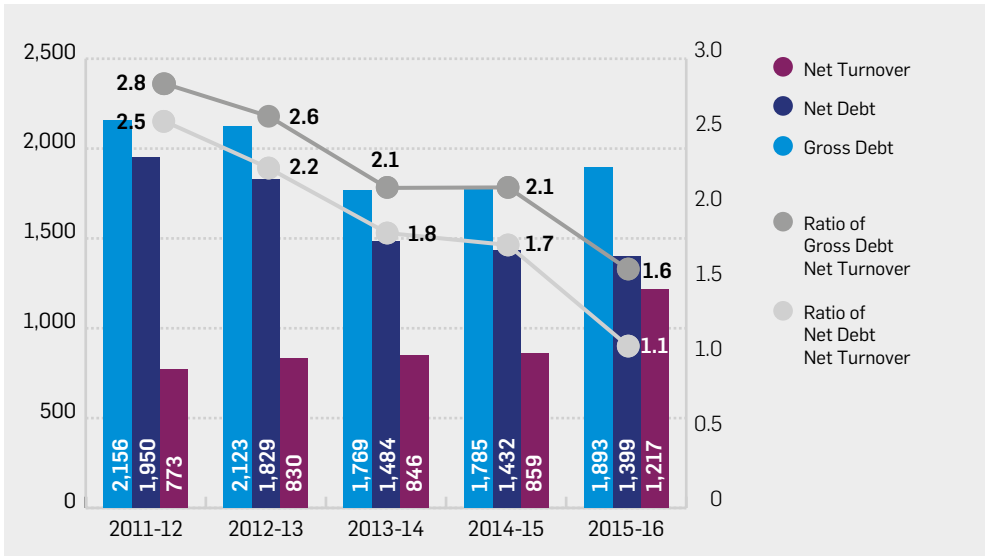
With respect to *Netted LaLiga Santander*, reduction in *Total Net Debt* in the 2015-16 financial year amounted to -33.3 M €, equivalent to an annual growth rate of -2.3%. Since 2011-12, when the current deleveraging process began, the cumulative reduction is -551.2 M € (total variation: -28.3%/CAGR: -6.4%).

The ratio of *Total Net Debt* to *Net Turnover* in the 2015-16 season is now 1.1x, whereas in the 2011-12 season this ratio was 2.5x. The ratio of *Total Net Debt* to *EBITDA* has fallen to 3.7x, clearly distanced from the 21.0x at the beginning of the series. These ratios demonstrate two facts:

- The relative debt level of the two biggest First Division clubs is lower than that of the others.
- Nevertheless, the deleveraging process has been significantly more pronounced in relative terms in the other clubs than in the two biggest.

Graph 71

Netted LaLiga Santander • Total indebtedness and Net Turnover



Graph 72

Netted LaLiga Santander • Total indebtedness and EBITDA

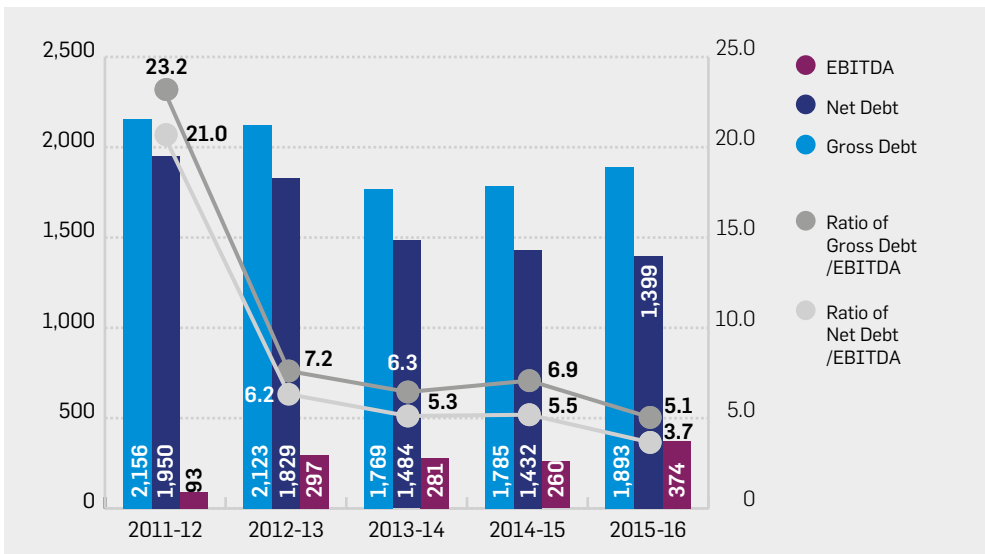


Table 32

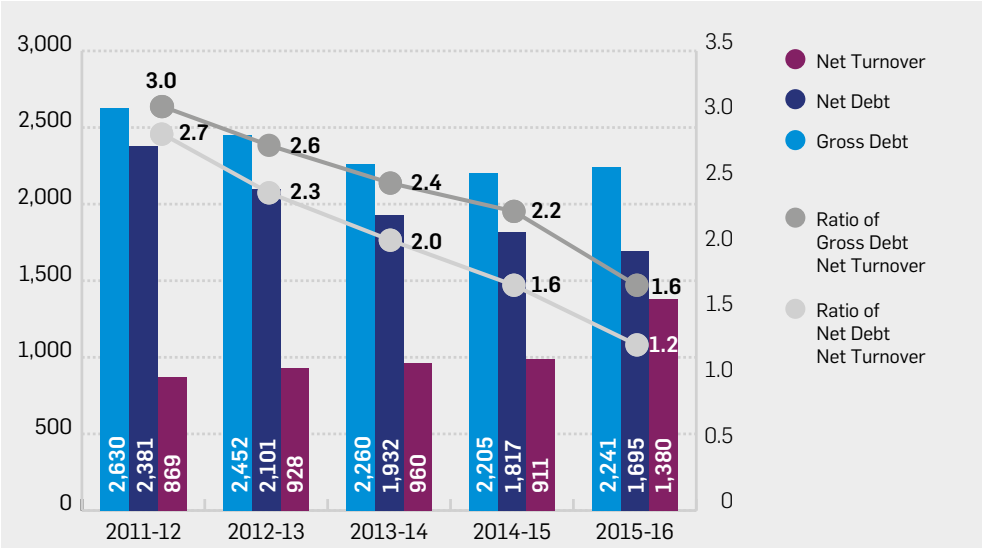
Netted LaLiga Santander · Total indebtedness

LaLiga Santander Neteada	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12 vs 2015-16	TACC % 4 años	Variación % 4 años
Non-current liabilities	840	959	744	966	897	57	1.3%	6.7%
Current liabilities	1,381	1,234	1,078	878	1,055	-326	-5.3%	-23.6%
Deferred tax liabilities	-65	-71	-53	-59	-58	7	-2.2%	-10.6%
Total Gross Debt	2,156	2,123	1,769	1,785	1,893	-263	-2.6%	-12.2%
%Year Variation	-	-1.5%	-16.6%	0.9%	6.0%			
Sports entities, debtors for transfers	-105	-168	-114	-151	-231	-126	17.1%	120.6%
Financial investments	-37	-45	-37	-59	-108	-71	23.7%	189.3%
Cash and other liquid assets	-64	-80	-134	-144	-155	-91	19.5%	143.5%
Total Net Debt	1,950	1,829	1,484	1,432	1,399	-551	-6.4%	-28.3%
%Year Variation	-	-6.2%	-18.8%	-3.5%	-2.3%			
Net Turnover								
Total Gross Debt Ratio/ Net Turnover	773	830	846	859	1,217			
Total Net Debt Ratio/ Net Turnover	2.8x	2.6x	2.1x	2.1x	1.6x			
EBITDA	2.5x	2.2x	1.8x	1.7x	1.1x			
Total Gross Debt Ratio/ EBITDA								
Total Net Debt Ratio/ EBITDA	93	297	281	260	374			
Ratio Deuda Total Bruta/EBITDA	23.2x	7.2x	6.3x	6.9x	5.1x			
Ratio Deuda Total Neta/EBITDA	21.0x	6.2x	5.3x	5.5x	3.7x			

Graph 73

Lastly, with respect to the *Netted LaLiga*, the ratio of *Total Net Debt* to *Net Turnover* in the 2015-16 season is now 1.2x, whereas in the 2011-12 season this ratio was 2.7x. The ratio of *Total Net Debt* to *EBITDA* has fallen to 4.2x, clearly distanced from the 35.6x at the beginning of the series.

Netted LaLiga · Total indebtedness and Net Turnover



Graph 74

Netted LaLiga · Total indebtedness and EBITDA

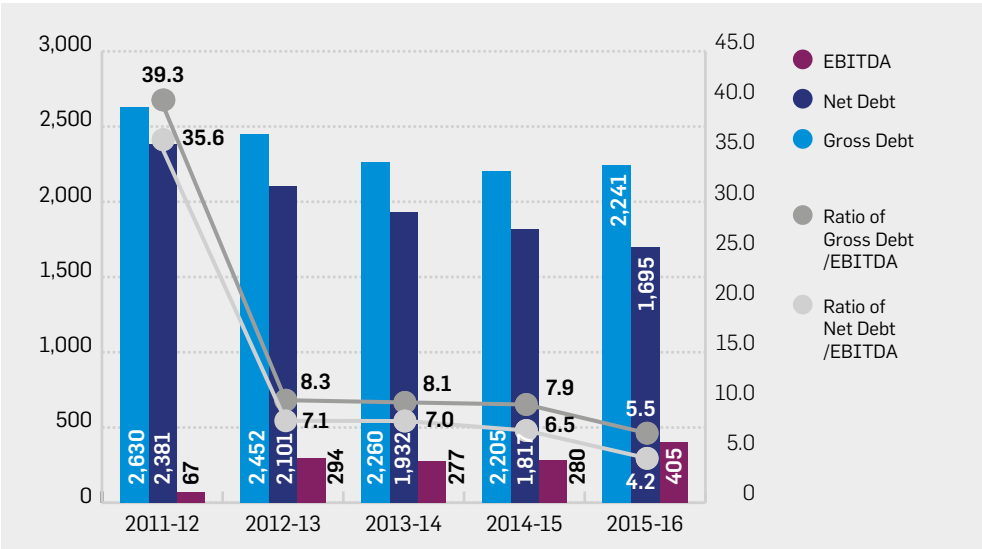


Table 33

Netted LaLiga · Total indebtedness

LaLiga Neteada	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12 vs 2015-16	TACC % 4 años	Variación % 4 años
Non-current liabilities	1,136	1,153	1,112	1,253	1,166	29	0.6%	2.6%
Current liabilities	1,595	1,395	1,257	1,045	1,169	-426	-7.5%	-26.7%
Deferred tax liabilities	-100	-96	-109	-93	-94	7	-1.7%	-6.8%
Total Gross Debt	2,630	2,452	2,260	2,205	2,241	-390	-3.9%	-14.8%
%Year Variation	-	-6.8%	-7.8%	-2.5%	1.6%			
Sports entities, debtors for transfers	-127	-203	-123	-160	-238	-111	17.0%	87.4%
Financial investments	-50	-54	-58	-75	-133	-83	27.5%	164.3%
Cash and other liquid assets	-72	-94	-147	-154	-175	-103	24.9%	143.2%
Total Net Debt	2,381	2,101	1,932	1,817	1,695	-686	-8.2%	-28.8%
%Year Variation	-	-11.8%	-8.0%	-6.0%	-6.7%			
Net Turnover								
Total Gross Debt Ratio/ Net Turnover	869	928	960	991	1.380			
Total Net Debt Ratio/ Net Turnover	3.0x	2.6x	2.4x	2.2x	1.6x			
EBITDA	2.7x	2.3x	2.0x	1.8x	1.2x			
Total Gross Debt Ratio/ EBITDA								
Total Net Debt Ratio/ EBITDA	67	294	277	280	405			
Ratio Deuda Total Bruta/EBITDA	39.3x	8.3x	8.1x	7.9x	5.5x			
Ratio Deuda Total Neta/EBITDA	35.6x	7.1x	7.0x	6.5x	4.2x			

DEBT DISTRIBUTION: AN INCREASINGLY BALANCED ALLOCATION

Special mention should be made of the way total indebtedness is allocated among the clubs.

Taking *LaLiga* as a whole, 52% of the debt is concentrated in 3 clubs that have a *Total Net Debt* in excess of 350 M €. The other clubs have significantly reduced their leverage levels in absolute terms. This is made clear by analysing the number of clubs in each tranche, where it can be observed that the greatest number of clubs is concentrated in the lower levels.

Table 34

LaLiga · Variation in Total Net Debt

LaLiga	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16	2011 /2012	2012 /2013	2013 /2014	2014 /2015	2015 /2016
Debt/club > 350 M€	1,668.7	1,218.3	1,218.0	1,676.4	1,245.4	52%	42%	45%	63%	52%
200 M € < Debt/club < 350 M€	-	333.4	325.3	-	320.0	0%	12%	12%	0%	13%
100 M € < Debt/club < 200 M€	430.4	435.7	394.7	194.0	128.8	13%	15%	15%	7%	5%
80 M € < Debt/club < 100 M€	176.2	-	-	189.5	182.5	5%	0%	0%	7%	8%
60 M € < Debt/club < 80 M€	273.8	259.0	140.6	-	-	8%	9%	5%	0%	0%
40 M € < Debt/club < 60 M€	347.5	300.3	257.6	284.0	137.5	11%	10%	10%	11%	6%
20 M € < Debt/club < 40 M€	255.5	265.9	251.1	234.1	261.7	8%	9%	9%	9%	11%
Debt/club < 20 M€	71.7	56.4	110.3	88.0	113.7	2%	2%	4%	3%	5%
Total Net Debt	3,223.8	2,869.1	2,697.7	2,666.0	2,389.5	100%	100%	100%	100%	100%

Table 35

LaLiga · Distribution of clubs by volume of Total Net Debt

LaLiga	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16
Debt/club > 350 M€	4	3	3	4	3
200 M € < Debt/club < 350 M€	-	1	1	-	1
100 M € < Debt/club < 200 M€	3	3	3	1	1
80 M € < Debt/club < 100 M€	2	-	-	2	2
60 M € < Debt/club < 80 M€	4	4	2	-	-
40 M € < Debt/club < 60 M€	7	7	5	6	3
20 M € < Debt/club < 40 M€	8	9	9	8	8
Debt/club < 20 M€	14	15	19	21	24
Total Net Debt	42	42	42	42	42

With respect to *LaLiga Santander*, 59% of the debt is concentrated in three clubs that have a *Total Net Debt* in excess of 350 M €. The other clubs have significantly reduced their leverage levels in absolute terms, which is made clear by analysing the number of clubs in each tranche.

Table 36

Variation in Total Net Debt

LaLiga Santander	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16	2011 /2012	2012 /2013	2013 /2014	2014 /2015	2015 /2016
Debt/club > 350 M€	1,668.7	1,218.3	1,218.0	1,676.4	1,245.4	60%	47%	54%	73%	59%
200 M € < Debt/club < 350 M€	-	333.4	325.3	-	320.0	0%	13%	14%	0%	15%
100 M € < Debt/club < 200 M€	430.4	435.7	178.0	194.0	128.8	15%	17%	8%	9%	6%
80 M € < Debt/club < 100 M€	92.5	-	-	98.1	95.1	3%	0%	0%	4%	5%
60 M € < Debt/club < 80 M€	201.9	259.0	140.6	-	-	7%	10%	6%	0%	0%
40 M € < Debt/club < 60 M€	258.5	259.0	215.3	284.0	89.0	9%	10%	10%	12%	4%
20 M € < Debt/club < 40 M€	141.1	91.8	146.7	-	192.7	5%	4%	7%	0%	9%
Debt/club < 20 M€	-	-	26.0	28.8	23.0	0%	0%	1%	1%	1%
Total Net Debt	2,793.0	2,597.3	2,249.8	2,281.3	2,093.9	100%	100%	100%	100%	100%

Table 37

LaLiga Santander • Distribution of clubs by volume of Total Net Debt

LaLiga Santander	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16
Debt/club > 350 M€	4	3	3	4	3
200 M € < Debt/club < 350 M€	-	1	1	-	1
100 M € < Debt/club < 200 M€	3	3	1	1	1
80 M € < Debt/club < 100 M€	1	-	-	1	1
60 M € < Debt/club < 80 M€	3	4	2	-	-
40 M € < Debt/club < 60 M€	5	6	4	6	2
20 M € < Debt/club < 40 M€	4	3	5	-	6
Debt/club < 20 M€	-	-	4	8	6
Total Net Debt	20	20	20	20	20

Table 38

LaLiga 1|2|3 • Variation in Total Net Debt

LaLiga 1 2 3	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16	2011 /2012	2012 /2013	2013 /2014	2014 /2015	2015 /2016
Debt/club > 350 M€	-	-	-	-	-	0%	0%	0%	0%	0%
200 M € < Debt/club < 350 M€	-	-	-	-	-	0%	0%	0%	0%	0%
100 M € < Debt/club < 200 M€	-	-	216.7	-	-	0%	0%	48%	0%	0%
80 M € < Debt/club < 100 M€	83.7	-	-	91.4	87.4	19%	0%	0%	24%	30%
60 M € < Debt/club < 80 M€	72.0	-	-	-	-	17%	0%	0%	0%	0%
40 M € < Debt/club < 60 M€	89.1	41.3	42.3	-	48.5	21%	15%	9%	0%	16%
20 M € < Debt/club < 40 M€	114.4	174.0	104.4	234.1	68.9	27%	64%	23%	61%	23%
Debt/club < 20 M€	71.7	56.4	84.4	59.1	90.7	17%	21%	19%	15%	31%
Total Net Debt	430.8	271.8	447.8	384.7	295.6	100%	100%	100%	100%	100%

Table 39

LaLiga 1|2|3 • Distribution of clubs by volume of Total Net Debt

LaLiga 1 2 3	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16
Debt/club > 350 M€	-	-	-	-	-
200 M € < Debt/club < 350 M€	-	-	-	-	-
100 M € < Debt/club < 200 M€	-	-	2	-	-
80 M € < Debt/club < 100 M€	1	-	-	1	1
60 M € < Debt/club < 80 M€	1	-	-	-	-
40 M € < Debt/club < 60 M€	2	1	1	-	1
20 M € < Debt/club < 40 M€	4	6	4	8	2
Debt/club < 20 M€	14	15	15	13	18
Total Net Debt	22	22	22	22	22

With respect to **Netted LaLiga Santander**, 62% of the debt is concentrated in 2 clubs that have a **Total Net Debt** in excess of 350 M €. However, unlike the situation in the **LaLiga Santander**, there seems to be a certain tendency to concentrate the bulk of the debt (62%) in two clubs. Notwithstanding, the rest of the clubs tend to position themselves in the lower tranches.

Netted LaLiga Santander • Variation in Total Net Debt

LaLiga Santander Neteada	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16	2011 /2012	2012 /2013	2013 /2014	2014 /2015	2015 /2016
Debt/club > 350 M€	825.9	450.0	452.6	827.4	870.5	42%	25%	30%	58%	62%
200 M € < Debt/club < 350 M€	-	333.4	325.3	-	-	0%	18%	22%	0%	0%
100 M € < Debt/club < 200 M€	430.4	435.7	178.0	194.0	128.8	22%	24%	12%	14%	9%
80 M € < Debt/club < 100 M€	92.5	-	-	98.1	95.1	5%	0%	0%	7%	7%
60 M € < Debt/club < 80 M€	201.9	259.0	140.6	-	-	10%	14%	9%	0%	0%
40 M € < Debt/club < 60 M€	258.5	259.0	215.3	284.0	89.0	13%	14%	15%	20%	6%
20 M € < Debt/club < 40 M€	141.1	91.8	146.7	-	192.7	7%	5%	10%	0%	14%
Debt/club < 20 M€	-	-	26.0	28.8	23.0	0%	0%	2%	2%	2%
Total Net Debt	1,950.2	1,829.0	1,484.5	1,432.4	1,399.1	100%	100%	100%	100%	100%

Netted LaLiga Santander • Distribution of clubs by volume of Total Net Debt

LaLiga Santander Neteada	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16
Debt/club > 350 M€	2	1	1	2	2
200 M € < Debt/club < 350 M€	-	1	1	-	-
100 M € < Debt/club < 200 M€	3	3	1	1	1
80 M € < Debt/club < 100 M€	1	-	-	1	1
60 M € < Debt/club < 80 M€	3	4	2	-	-
40 M € < Debt/club < 60 M€	5	6	4	6	2
20 M € < Debt/club < 40 M€	4	3	5	-	6
Debt/club < 20 M€	-	-	4	8	6
Total Net Debt	18	18	18	18	18

Lastly, with respect to **Netted LaLiga**, 51% of the debt in absolute terms is concentrated in two clubs that have a **Total Net Debt** in excess of 350 M €.

Netted LaLiga • Variation in Total Net Debt

LaLiga Netted	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16	2011 /2012	2012 /2013	2013 /2014	2014 /2015	2015 /2016
Debt/club > 350 M€	825.9	450.0	452.6	827.4	870.5	35%	21%	23%	46%	51%
200 M € < Debt/club < 350 M€	-	333.4	325.3	-	-	0%	16%	17%	0%	0%
100 M € < Debt/club < 200 M€	430.4	435.7	394.7	194.0	128.8	18%	21%	20%	11%	8%
80 M € < Debt/club < 100 M€	176.2	-	-	189.5	182.5	7%	0%	0%	10%	11%
60 M € < Debt/club < 80 M€	273.8	259.0	140.6	-	-	11%	12%	7%	0%	0%
40 M € < Debt/club < 60 M€	347.5	300.3	257.6	284.0	137.5	15%	14%	13%	16%	8%
20 M € < Debt/club < 40 M€	255.5	265.9	251.1	234.1	261.7	11%	13%	13%	13%	15%
Debt/club < 20 M€	71.7	56.4	110.3	88.0	113.7	3%	3%	6%	5%	7%
Total Net Debt	2,381.0	2,100.8	1,932.3	1,817.1	1,694.6	100%	100%	100%	100%	100%

Netted LaLiga • Distribution of clubs by volume of Total Net Debt

LaLiga Neteada	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16
Debt/club > 350 M€	2	1	1	2	2
200 M € < Debt/club < 350 M€	-	1	1	-	-
100 M € < Debt/club < 200 M€	3	3	3	1	1
80 M € < Debt/club < 100 M€	2	-	-	2	2
60 M € < Debt/club < 80 M€	4	4	2	-	-
40 M € < Debt/club < 60 M€	7	7	5	6	3
20 M € < Debt/club < 40 M€	8	9	9	8	8
Debt/club < 20 M€	14	15	19	21	24
Total Net Debt	40	40	40	40	40

FINANCIAL DEBT IS CONTROLLED

This section analyses the variation in gross and net financial debt of the club categories under study. Calculation of the *Net Financial Debt* in this report was performed as follows:

$$\text{Net Financial Debt (NFD)} = \text{Gross Financial Debt (GFD)} + \text{Liquid Financial Assets (LFA)}$$

To do so, the *Gross Financial Debt* was obtained by adding all financial debit balances (not only with financial institutions) but without considering other short and long term liabilities such as provisions, accruals, trade creditors or deferred tax liabilities. Therefore it is a more restrictive definition of gross debt than the criteria adopted in previous sections.

Likewise, *Liquid Financial Assets* only include cash items and financial investments. The criteria for gross indebtedness restatement are also more specific than those employed in previous sections.

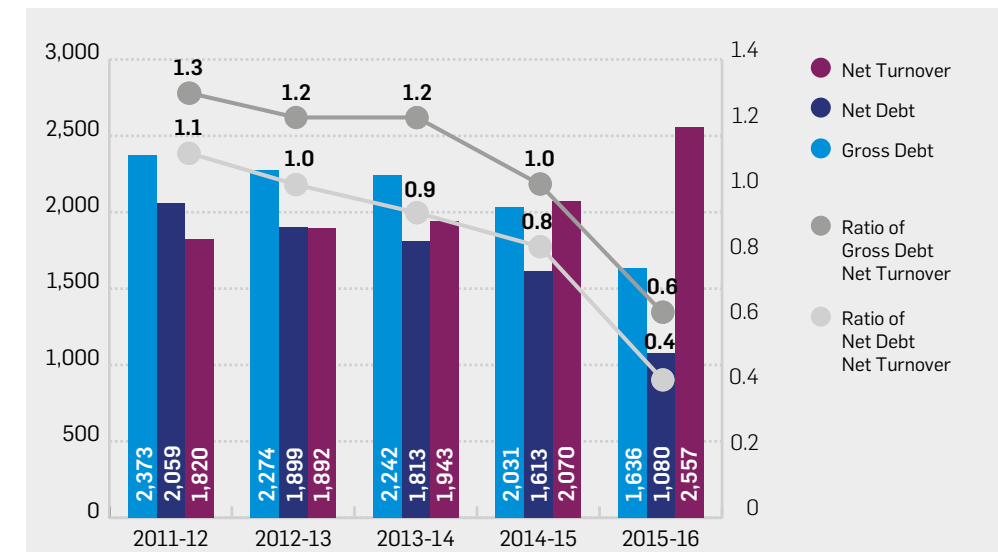
$$\begin{aligned} \text{Gross Financial Debt (GFD)} &= \text{Debit financial balances} \\ &\text{(including with financial institutions, clubs, PA's and insolvency debt)} \\ \text{Liquid Financial Assets (AFL)} &= \text{Cash and Cash} \\ &\text{Equivalents} + \text{short and long term Financial} \\ &\text{Investments} \end{aligned}$$

Logically, the variation in the financial indebtedness of Spanish football has made a similar improvement to that analysed above for total indebtedness. And it has done so for the five categories under analysis.

With respect to *LaLiga*, *Gross Financial Debt (GFD)* has been reduced over the five seasons by nearly 1,000 M € (specifically 979 M €). More than half of this reduction (538.2 M €) was achieved in the 2015-16 season. Thus the ratio of *NFD to Net Turnover* and the ratio of *NFD to EBITDA* were reduced from 1.1x and 5.9x at the beginning of the series to 0.4x and 1.6x respectively. These are reasonably low levels for an investment-intensive activity such as professional football.

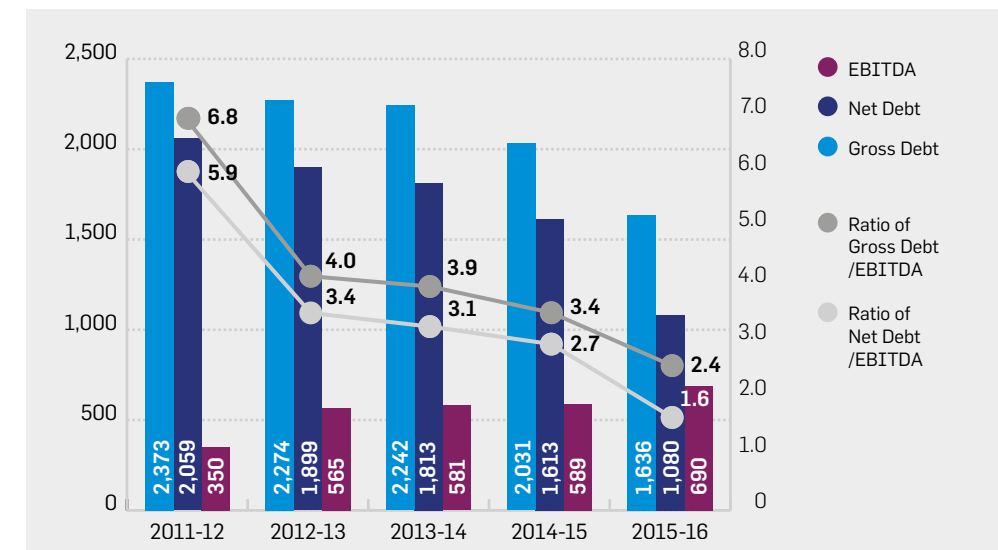
Graph 75

LaLiga • Financial indebtedness and Net Turnover



Graph 76

LaLiga • Financial indebtedness and EBITDA



LaLiga • Financial indebtedness

Table 44

LaLiga	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12 vs 2015-16	% CAGR 4 years	% Variation
Financial Gross Debt	2,373	2,274	2,242	2,031	1,636	-737	-8.9%	-31.1%
% Year Variation	-	-4.2%	-1.4%	-9.4%	-19.4%			
Financial Net Debt	2,059	1,899	1,813	1,613	1,080	-979	-14.9%	-47.5%
% Year Variation	-	-7.8%	-4.5%	-11.0%	-33.0%			

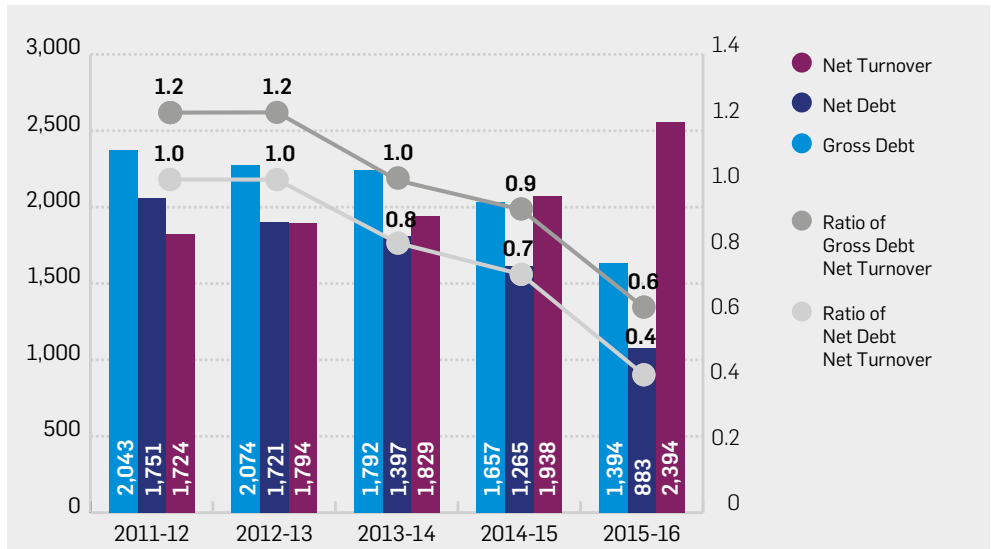
INCN	1,820	1,892	1,943	2,070	2,557
Total Gross Debt Ratio/ Net Turnover	1.3x	1.2x	1.2x	1.0x	0.6x
Total Net Debt Ratio/ Net Turnover	1.1x	1.0x	0.9x	0.8x	0.4x

EBITDA	350	565	581	589	690
Total Gross Debt Ratio/ EBITDA	6.8x	4.0x	3.9x	3.4x	2.4x
Total Net Debt Ratio/ EBITDA	5.9x	3.4x	3.1x	2.7x	1.6x

LaLiga Santander followed the same path and achieved a *NFD/Net Turnover* ratio of 0.4x, down from 1.0x at the beginning of the series. The *NFD/EBITDA* ratio was also reduced to 1.3x by the end of the 2015-16 season, down from 4.7x in 2011-12. A variation of -30.2% was achieved in one year, but in the five-year period NFD was reduced by half with respect to the position at the beginning of the series. This debt level can be considered sustainable from any point of view and consequently the Spanish First Division can also be so considered, having achieved its objectives in this respect.

Graph 77

LaLiga Santander • Financial indebtedness and Net Turnover



Graph 78

LaLiga Santander • Financial indebtedness and EBITDA

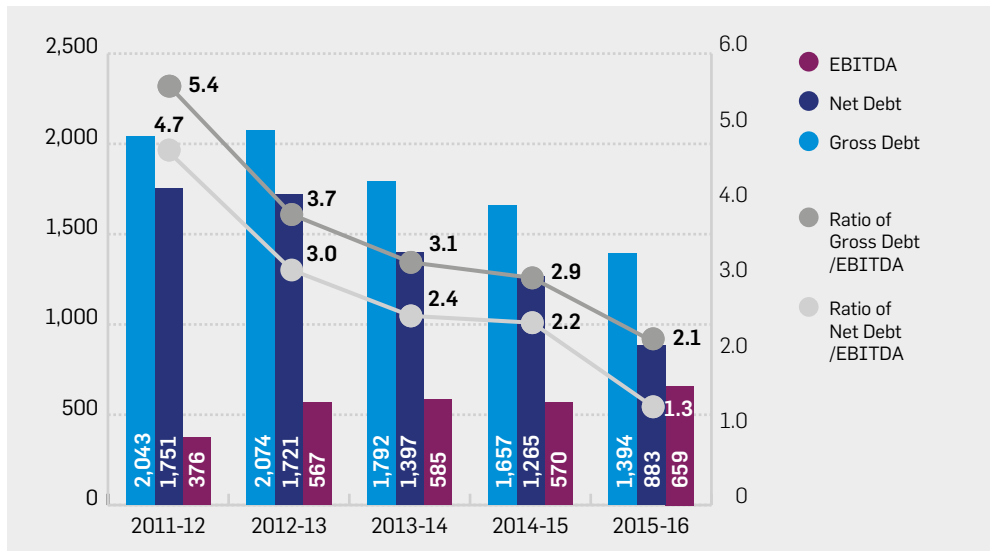


Table 45

LaLiga Santander · Financial indebtedness

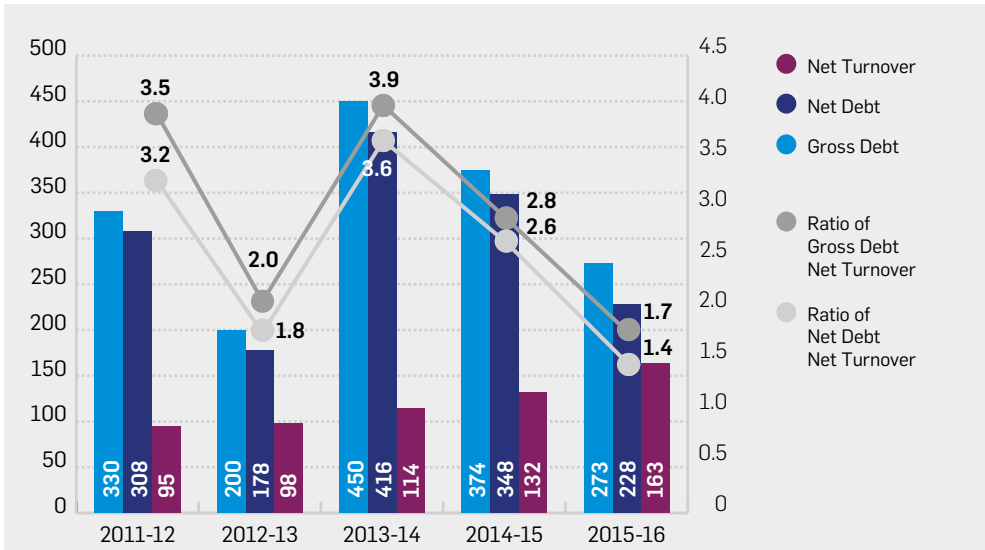
LaLiga Santander	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12 vs 2015-16	% CAGR 4 years	% Variation
Financial Gross Debt	2,043	2,074	1,792	1,657	1,394	-649	4 years	-31.8%
% Year Variation	-	1.5%	-13.6%	-7.5%	-15.9%			
Financial Net Debt	1,751	1,721	1,397	1,265	883	-868	-15.7%	-49.6%
% Year Variation	-	-1.7%	-18.8%	-9.5%	-30.2%			

INCN	1,724	1,794	1,829	1,938	2,394
Total Gross Debt Ratio/ Net Turnover	1.2x	1.2x	1.0x	0.9x	0.6x
Total Net Debt Ratio/ Net Turnover	1.0x	1.0x	0.8x	0.7x	0.4x

EBITDA	376	567	585	570	659
Total Gross Debt Ratio/ EBITDA	5.4x	3.7x	3.1x	2.9x	2.1x
Total Net Debt Ratio/ EBITDA	4.7x	3.0x	2.4x	2.2x	1.3x

Graph 79

LaLiga 1|2|3 · Financial indebtedness and Net Turnover



Graph 80

LaLiga 1|2|3 · Financial indebtedness and EBITDA

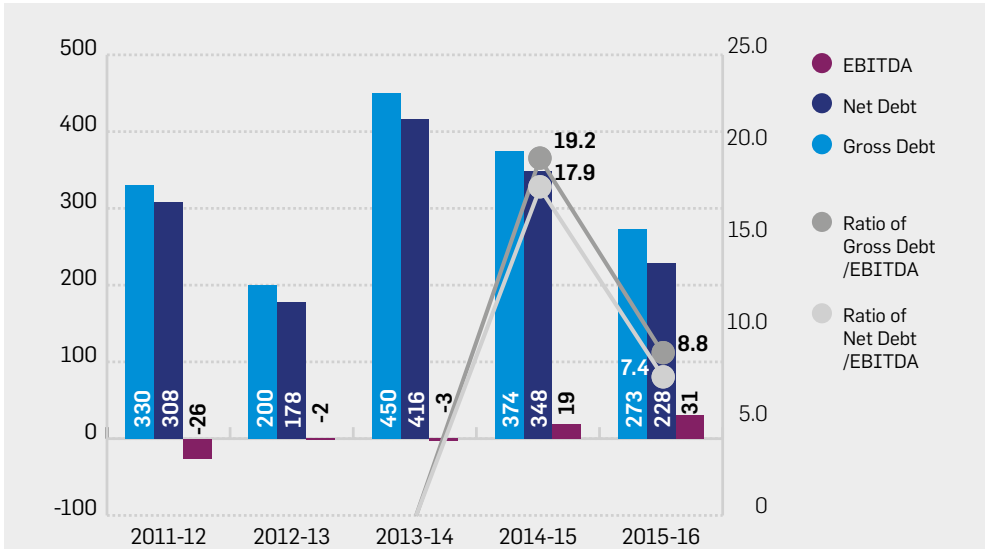


Table 46

LaLiga 1|2|3 · Financial indebtedness

LaLiga 1 2 3	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12 vs 2015-16	% CAGR 4 years	% Variation
Financial Gross Debt	330	200	450	374	273	-57	-3.7%	-17.2%
% Year Variation	-	-39.2%	124.7%	-17.0%	-27.0%			
Financial Net Debt	308	178	416	348	228	-80	-5.8%	-26.0%
% Year Variation	-	-42.4%	134.2%	-16.4%	-34.4%			

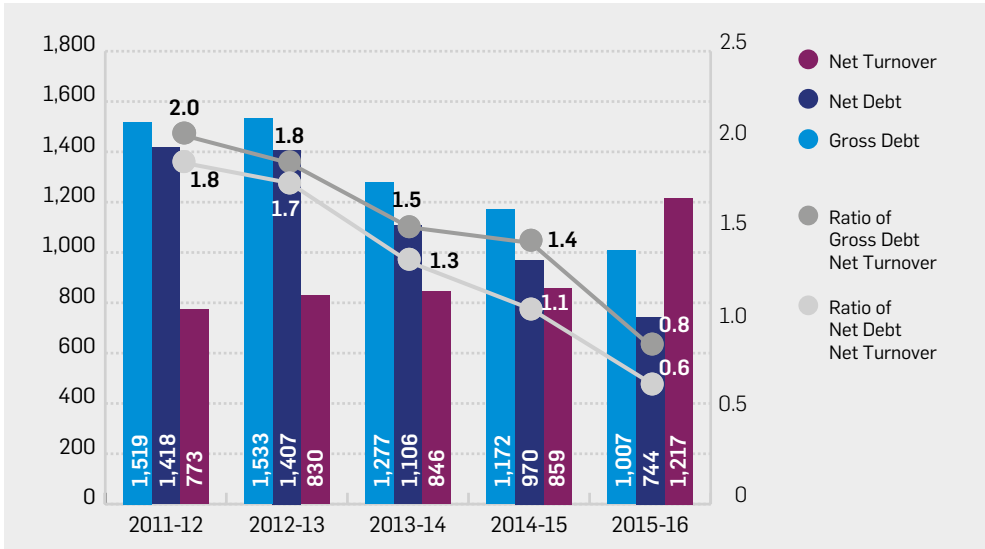
INCN	95	98	114	132	163
Total Gross Debt Ratio/ Net Turnover	3.5x	2.0x	3.9x	2.8x	1.7x
Total Net Debt Ratio/ Net Turnover	3.2x	1.8x	3.6x	2.6x	1.4x

EBITDA	-26	-2	-3	19	31
Total Gross Debt Ratio/ EBITDA	-	-	-	19.2x	8.8x
Total Net Debt Ratio/ EBITDA	-	-	-	17.9x	7.4x

Variation in net financial indebtedness of *Netted LaLiga Santander* has also been extremely favourable. This category reduced its *NFD* by -226.0 M € in 2015-16 to achieve a *NFD/Net Turnover* ratio of 0.6x compared to 1.8x at the beginning of the series. The same occurred with the *NFD/EBITDA* ratio, achieving 2.0x at the end of last season compared to 15.3x in 2011-12. In one year the variation was -23.3%, but *NFD* was reduced to less than half over the five-year period. Once again this debt level can be considered sustainable from any point of view since the objectives have been achieved.

Graph 81

Netted LaLiga Santander · Financial debt and Net Turnover



Graph 82

Netted LaLiga Santander · Financial debt and EBITDA

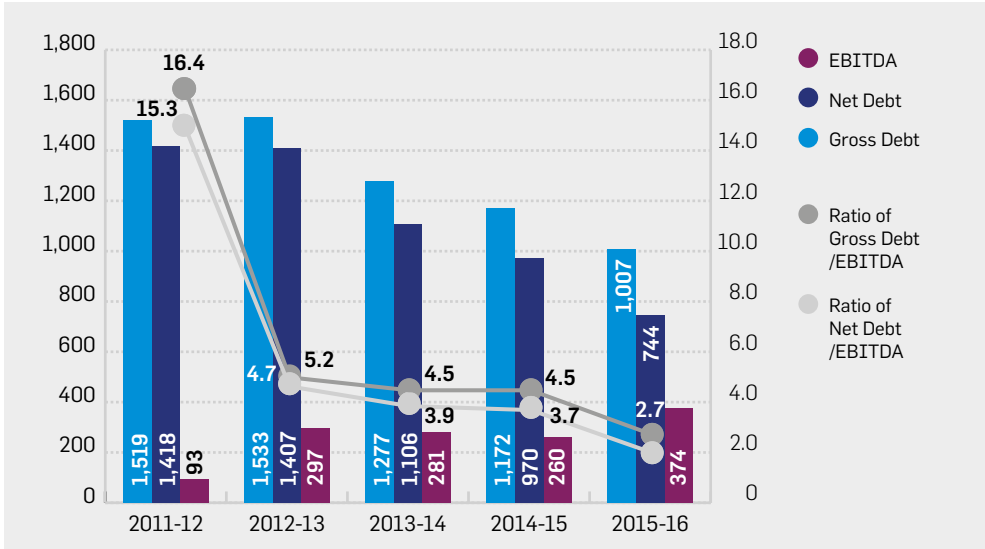


Table 47

Financial indebtedness - Netted LaLiga Santander

LaLiga Santander Neteada	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12 vs 2015-16	% CAGR 4 years	% Variation
Financial Gross Debt	1,519	1,533	1,277	1,172	1,007	-513	-7.9%	-33.7%
% Year Variation	-	0.9%	-16.7%	-8.2%	-14.1%			
Financial Net Debt	1,418	1,407	1,106	970	744	-675	-12.1%	-47.6%
% Year Variation	-	-0.8%	-21.4%	-12.3%	-23.3%			

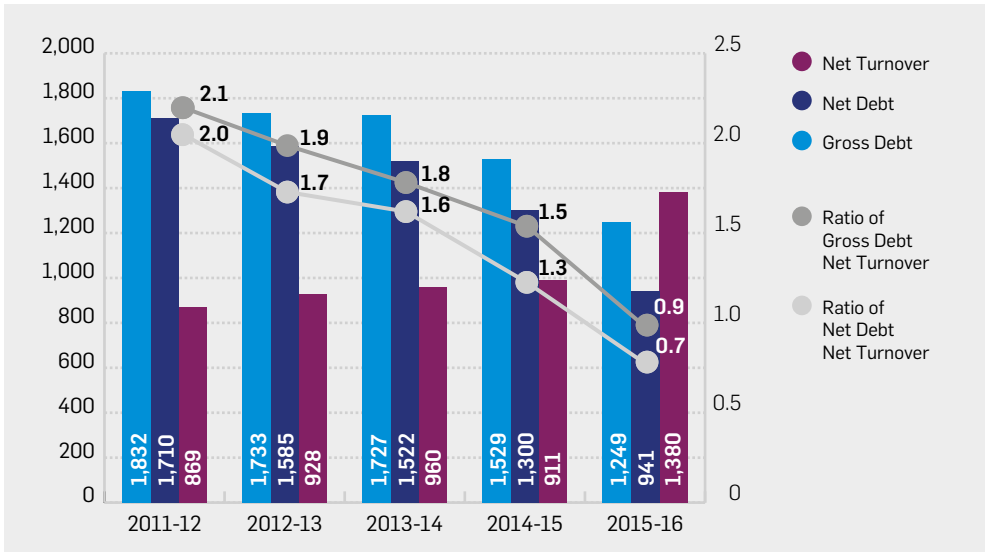
INCEN	773	830	846	859	1,217
Total Gross Debt Ratio/ Net Turnover	2.0x	1.8x	1.5x	1.4x	0.8x
Total Net Debt Ratio/ Net Turnover	1.8x	1.7x	1.3x	1.1x	0.6x

EBITDA	93	297	281	260	374
Total Gross Debt Ratio/ EBITDA	16.4x	5.2x	4.5x	4.5x	2.7x
Total Net Debt Ratio/ EBITDA	15.3x	4.7x	3.9x	3.7x	2.0x

Graph 83

Finally, for **LaLiga** as a whole but excluding the two biggest First Division teams, this means that the variation in these ratios has also been satisfactory with respect to **Netted LaLiga**. With net financial debt ratios in 2011-12 of 2.0x with respect to *Net Turnover* and 25.6x with respect to *EBITDA*, in only five years the debt level has descended to 0.7x and 2.3x respectively. This means that -768.9 M € of the *NFD* has been fully amortised in the period, the equivalent of an accumulated relative decrease of -45.0%. The reduction amounted to -359.5 M € in the 2015-16 season alone.

Netted LaLiga • Financial indebtedness and Net Turnover



Graph 84

Netted LaLiga • Financial indebtedness and EBITDA

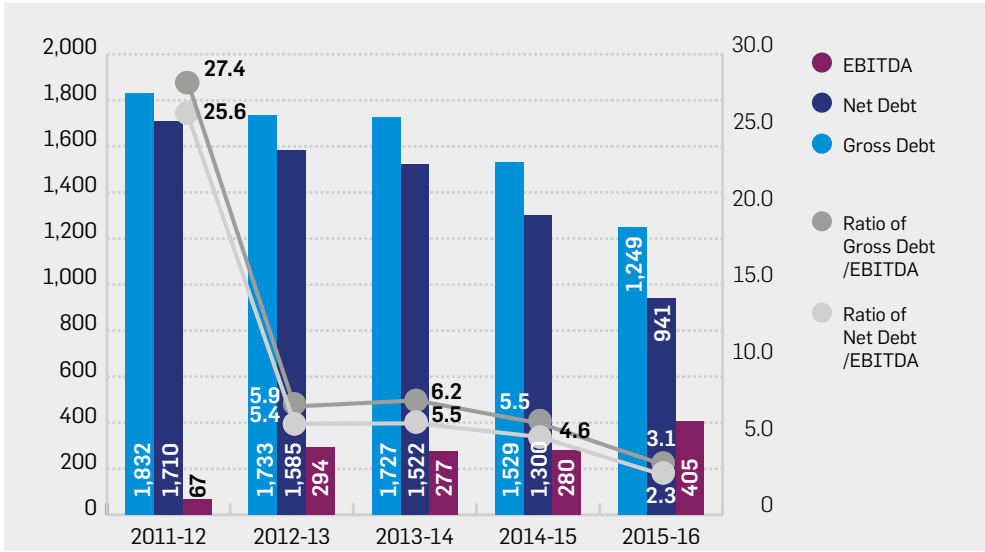


Table 48

Netted LaLiga - Financial indebtedness

LaLiga Neteada	2011-12	2012-13	2013-14	2014-15	2015-16	2011-12 vs 2015-16	% CAGR 4 years	% Variation
Financial Gross Debt	1,832	1,733	1,727	1,529	1,249	-583	-9.1%	-31.8%
% Year Variation	-	-5.4%	-0.4%	-11.5%	-18.3%			
Financial Net Debt	1,710	1,585	1,522	1,300	941	-769	-13.9%	-45.0%
% Year Variation	-	-7.3%	-4.0%	-14.5%	-27.6%			
INCEN	869	928	960	991	1,380			
Total Gross Debt Ratio/ Net Turnover	2.1x	1.9x	1.8x	1.5x	0.9x			
Total Net Debt Ratio/ Net Turnover	2.0x	1.7x	1.6x	1.3x	0.7x			
EBITDA	67	294	277	280	405			
Total Gross Debt Ratio/ EBITDA	27.4x	5.9x	6.2x	5.5x	3.1x			
Total Net Debt Ratio/ EBITDA	25.6x	5.4x	5.5x	4.6x	2.3x			





Fiscal restructuring is
practically complete

DEBT WITH THE NATIONAL TAX AGENCY AND REGIONAL TAX AUTHORITIES

The debt with the National Tax Agency (AEAT) and the Regional Tax Agencies continues to shrink systematically.

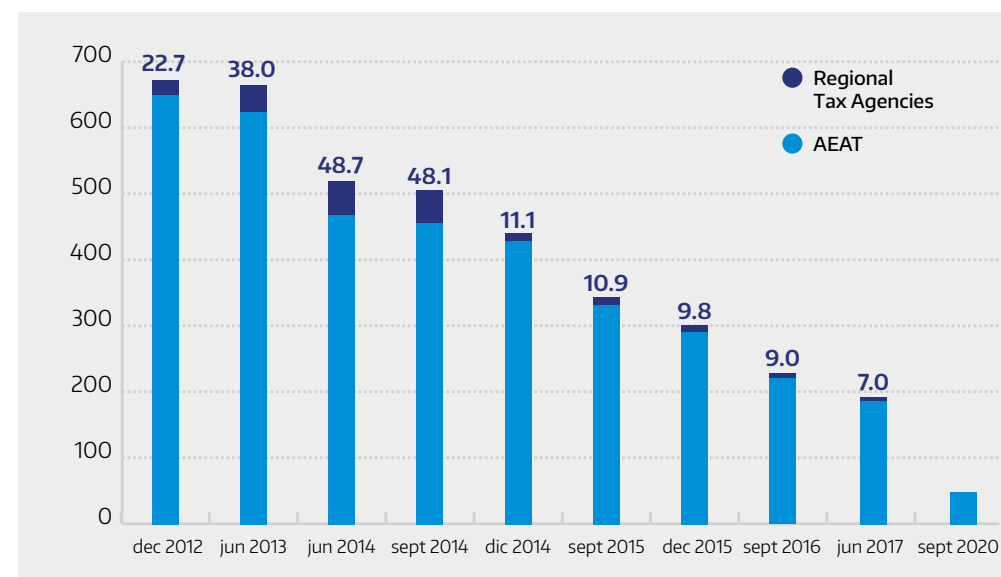
As can be seen below in a three-year period it has been reduced to less than half. Specifically, this debt has declined by 55.2% from December 2012 to December 2015.

Existing debt with both bodies is currently supported by deferments and agreements with the National and Regional Tax Agencies. As of December 2016 all maturities of these deferments and individual agreements have been fully served.

We expect that all deferrals granted will have been cancelled by the 2019-2020 season, leaving an ordinary residual debt with the National Tax Agency (AEAT) not exceeding 50 M €. This debt will be recognised as ordinary subordinate debt in insolvency proceedings and will be paid as provided for in the creditor agreements of the relevant proceedings.

Debt EAT and The Regional Tax Agencies

Graph 85

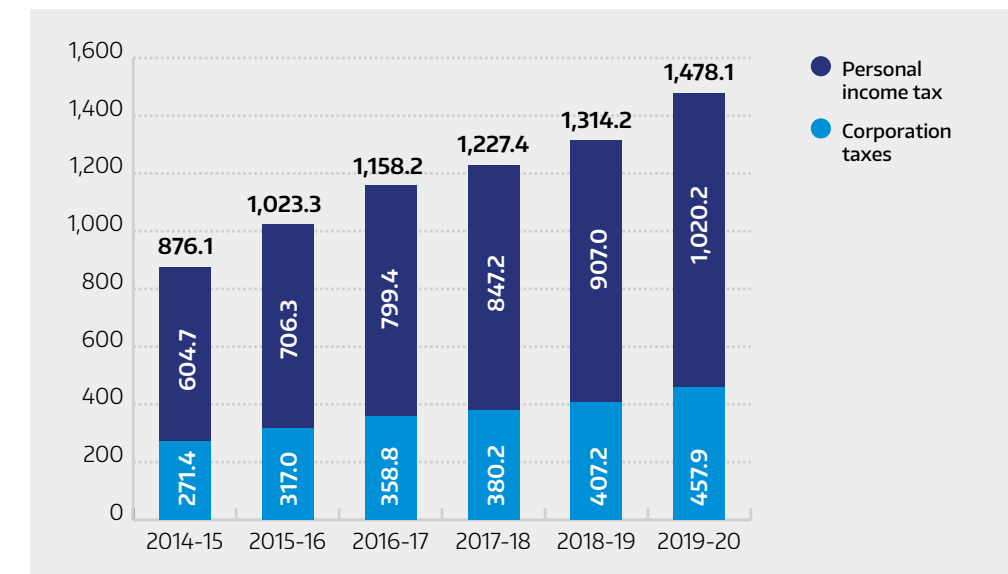


ANNUAL TAX PAYMENTS TO AEAT, REGIONAL TAX AGENCIES AND OTHER CORPORATIONS

In addition to the debt repayment set forth in the previous section, the professional football clubs paid the following amounts for current taxes to the National Tax Agency, Regional Tax Agencies and other corporations during the 2015-16 season:

Detail annual tax payments

Graph 86



Some of these amounts pertain to the clubs (i.e. corporation taxes), and others to employees (i.e. personal income tax), but all are generated by the existence and activity of professional football in Spain.





Consolidation of a business
with excellent margins and
returns

OPERATING MARGINS

The following is an analysis of the variation in operating margins based on the balances of the most significant outcomes (Income Statement) as defined in previous sections:

- ADJUSTED EBITDA
- EBITDA
- EBIT (OPERATING RESULT)
- EBT* (EARNINGS BEFORE TAX)

All these figures are divided by the *Net Turnover* of each season to obtain the associated margins and observe the variation over time. They do not form part of the denominator or base and therefore neither *Other Revenues* or *Earnings from Transfers* are included in *Net Turnover*.

It must be kept in mind, as has already been stated in this report, that most of the First and Second Division clubs in Spanish professional football have been engaged in a thoroughgoing operational transformation and financial restructuring since the 2011-12 season¹⁶. With certain exceptions, this process is almost complete as of the end of the 2015-16 season. However, it is advisable to point out this circumstance on proceeding to analyse the margins and profitability of the categories since said analysis could cause a certain bias (positive or negative) in the calculations. These distortions will tend to normalise over the next few seasons but in no case do they invalidate the findings of the analysis.

With respect to all the Spanish professional football categories, **LaLiga**, composed of the 42 First and Second Division clubs, the outstanding data is the significant, sustained increase in the most important accounting variable as an indicator of the financial management in the various competitions: *adjusted EBITDA*. This outcome, calculated as shown above in this Report, represents gross operating earnings (i.e. before depreciation and amortisation) before application of the accounting impacts that originate in accepted accounting practices (e.g. provisions, impairment, non-recurring or extraordinary revenues, etc.) which could have either positive a or negative overall impact. At all events, these items are not material and do not affect cash flow or real performance at the financial level. When expressed as a percentage, or as a margin, the relevant magnitude is divided by the *Net Turnover* of each category.

The *adjusted EBITDA* margin of **LaLiga** maintained a healthy of 30.6% at the end of the 2015-16 season in line with the sustained trend in recent financial years and substantially higher (more than 10 percent) than that obtained at the start of the series in the 2011-12 season. It should be noted that this margin is higher than most comparable competitions at European level.

Secondly, the margin calculated on the basis of the *EBITDA* (27.0%) also demonstrates the significant stability of **LaLiga** over the years at a level substantially superior to the beginning of the series (in the 2011-12 season the margin was 19.2%). A slight fall of 2 or 3 percent can be noticed in the 2015-16 financial year with respect to the immediately foregoing years. This decrease does not affect the *EBITDA* but is due to reduction (-51.3 M €) in net earnings from player transfers and sale of other assets in the aforesaid financial year. With respect to the above adjusted margin, the *EBITDA margin* includes a book loss (write-down) from the sale of fixed assets of -12.2 M €, restatement (revenue) of capital grants amounting to 18.3 M €, excess provisions (revenue) amounting to 0.7 M € and other non-material operating expenses (extraordinary in the financial sense) of -98.9 M €. Certain non-recurring provisions arising from litigations pending decision or potential exceptional losses arising from the activity amounting to € -71.7 M € are included in the latter item. This impact is the reason why the *EBITDA margin* declines by 1.5 percent in 2015-16 (from 28.5% to 27.0%). At all events this is apparent deterioration which will not have an immediate effect on the real performance or cash flow of **LaLiga**.

* EBT figures are before extraordinary financial results deriving from debt condonation

¹⁶ Regardless of these balance sheet restructuring processes have not led to formal bankruptcy proceedings.

In 2015-16 the operating income margin or *EBIT* margin reached 10.6%, well above the negative margin of -3.3% recognised in the 2011-12 season. However, this level is almost two percent below the maximum recognised during the series, in 2013-14, which stood at 12.4%. Once again the explanation for this can be found in the data provided above for the aforesaid two margins and by the fact that the clubs underwent a thorough balance restructuring process in 2013-14 as in 2012-13 that entailed numerous benefits from the sale of assets and very restricted increases (even decreases) in personnel expenses. Additionally, it should be noted that without the excess of exceptional provisions made in 2015-16 as stated above, the resulting *EBIT* would have amounted to € 376.6 M € which would have been the highest margin over *Net Turnover* of the series, the equivalent of 14.5%.

Finally, the *EBT margin* was 7.9% in 2015-16 compared with -7.4% in the 2011-12 season. Once again this margin and its variation over time during several season, is higher than that of any other major European competition.

Graph 87

LaLiga • Variation in Operating Margins

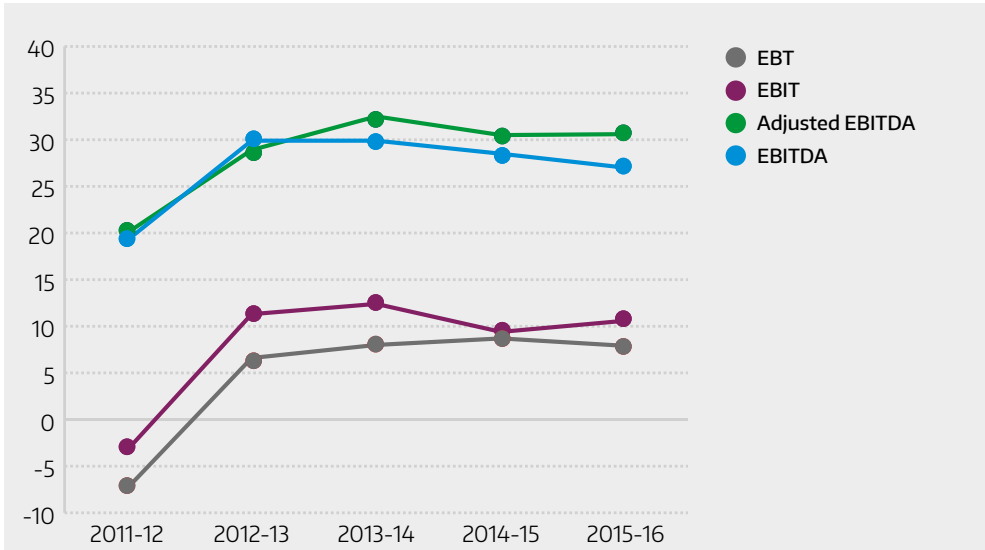


Table 49

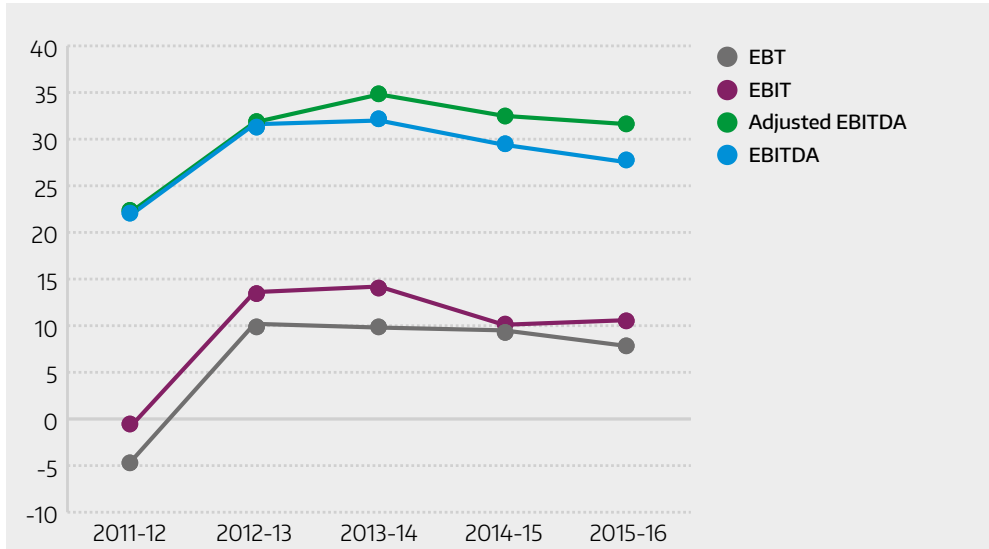
LaLiga • Operating Margins (% over Net Turnover)

Operating margins LaLiga	11-12	12-13	13-14	14-15	15-16
Adjusted EBITDA margin	20.0%	28.9%	31.7%	30.5%	30.6%
EBITDA margin	19.2%	29.9%	29.9%	28.5%	27.0%
EBIT margin	-3.3%	11.3%	12.4%	9.4%	10.6%
EBT margin	-7.4%	6.6%	8.0%	8.7%	7.9%

Analysis of these magnitudes for *LaLiga Santander* reveals, firstly, that as a general rule the margins under study are higher than those of *LaLiga*, which means that the First Division contributes greater relative earnings than the Second Division. This should not be surprising in view of the information analysed above with respect to the variation in revenues and expenses and the different financial position of these two categories of Spanish professional football. In addition, the contribution of the magnitudes of the *LaLiga Santander* to *LaLiga* as a whole is superior in almost all the main balances to 95% (sometimes even more than 100% since the contribution of *LaLiga 1/2/3* is still, in some cases, negative). Consequently, the classification of *LaLiga* is largely a reflection of what happens in the *LaLiga Santander*. In other words, the reasons for the variations in the margins considered in the foregoing section are common and can be attributed to what has occurred in *LaLiga Santander*.

In 2015-16 the *adjusted EBITDA* margin stood at 31.6%, the *EBITDA* margin at 27.5%, the *EBIT* margin at 10.6% (which would have reached 14.7%, the highest of the five financial years under study if the effect of the aforesaid non-recurring provisions had been absent) and finally the *EBT* margin at 7.8%. Once again these margins and their variation over time since the 2011-12 season are higher than those of any other major European competition.

LaLiga Santander • Variation in Operating Margins



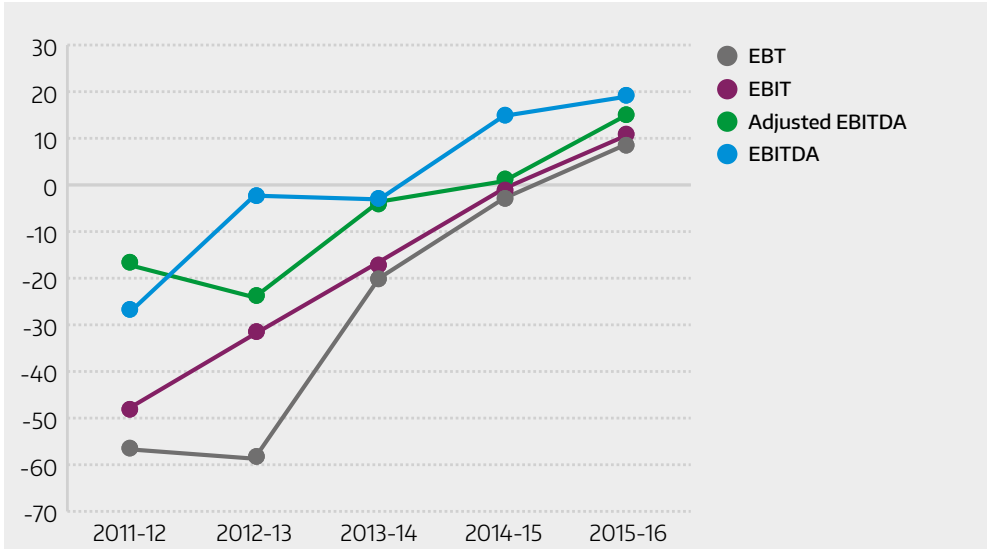
LaLiga Santander • Operating Margins (% over Net Turnover)

Operating margins LaLiga Santander	11-12	12-13	13-14	14-15	15-16
Adjusted EBITDA margin	22.1%	31.8%	33.9%	32.5%	31.6%
EBITDA margin	21.8%	31.6%	32.0%	29.4%	27.5%
EBIT margin	-0.9%	13.6%	14.2%	10.1%	10.6%
EBT margin	-4.7%	10.2%	9.8%	9.5%	7.8%

Analysis of the operating margins of the *LaLiga 1/2/3* reveals, firstly, a significant tendency that is maintained during every year of the series under study. This is a markedly upward trend that shows, possibly better than any other indicator, the thoroughgoing process of operational and financial restructuring that has taken place in the Second Division of Spanish professional football but that, unlike the current situation of the First Division, has not yet concluded.

It is important to note, firstly, that in the 2011-12 season all operating margins, without exception, were in the red. The health of *LaLiga 1/2/3*, both operationally and financially, was extremely delicate. Just four years later, at the end of the 2015-16 season, all these magnitudes are not only in the black, but are comparable to those of the *LaLiga Santander*. These remarkable results would not have been possible without the sacrifice, commitment and professional attitude of the managers of the Second Division clubs whose constant effort made the thorough restructuring of their teams possible. However, it must not be assumed that the process has now been completed. On the contrary, it is vital to maintain the effort to achieve efficient financial management in order to consolidate the financial health of *LaLiga 1/2/3* and ensure that the threat of insolvency is banished for the foreseeable future.

LaLiga 1/2/3 • Variation in Operating Margins



LaLiga 1/2/3 • Operating Margins (% of Net Turnover)

Operating margins LaLiga 1/2/3	11-12	12-13	13-14	14-15	15-16
Adjusted EBITDA margin	-17.2%	-24.1%	-3.6%	0.8%	15.2%
EBITDA margin	-27.3%	-2.3%	-3.1%	14.8%	19.0%
EBIT margin	-47.8%	-32.0%	-16.5%	-0.8%	10.8%
EBT margin	-56.7%	-58.7%	-20.0%	-2.9%	8.9%

Finally, the Report addresses analysis of the management of the two restated league categories: *Netted LaLiga Santander* and *Netted LaLiga*, writing off the impact of the two biggest clubs in terms of revenues and balance sheets.

With respect to *Netted LaLiga Santander* there are two aspects that stand out above the others:

- 1. The economic and financial restructuring process of *Netted LaLiga Santander* is proving to be much more severe than for *LaLiga* and in fact accentuates the latter.
- 2. The process has been so successful that the operating margins achieved during the 2015-16 season are even greater than those of *LaLiga*. In other words, in relative terms the efficiency demonstrated in the results of the First Division teams is superior to that of the two biggest clubs, even though they are considerably smaller both in terms of invoicing and equity (Balance Sheet).

The *adjusted EBITDA margin* reached 36.5%, the highest level of the entire series. Moreover, the *EBITDA margin* remained stable at 30.8%. Unlike the case of *LaLiga Santander*, this ratio did not deteriorate in 2015-16 because in this case the clubs in the *Netted LaLiga Santander* continued to report overall positive outcomes last season (albeit with a moderate downward trend from previous seasons) for transfer of players and the sale of fixed assets. The *EBIT margin* reached 13.7%, a ratio that would be even better if it were not for two important effects:

- On the one hand, this category has suffered the effects of *amortisation* to a greater extent than elsewhere, which is evidence that the *Netted LaLiga Santander*, once the reconstruction process has been addressed, is where the greatest effort is being made in player investment and competitive capacity. Paradoxically, greater than in the two big clubs. In fact, it is also where personnel expenses are increasing at the highest rate (sports and non-sports). This reality is the clearest expression of the results of balanced financial management. In the medium term a position of this kind enables efforts to be focussed on items that contribute most to sporting success (and by extension, to enhancing financial performance).
- Moreover, in 2015-16 this ids the category in which the aforesaid non-recurring expenses for *Loss, Impairment and Provisions* (92% of *LaLiga* and 93% of *LaLiga Santander*) are concentrated. Without these effects, last season's *EBIT margin* would have reached 20.6% (compared to the actual figure of 13.7%).

Graph 90

Netted LaLiga Santander • Variation in Operating Margins

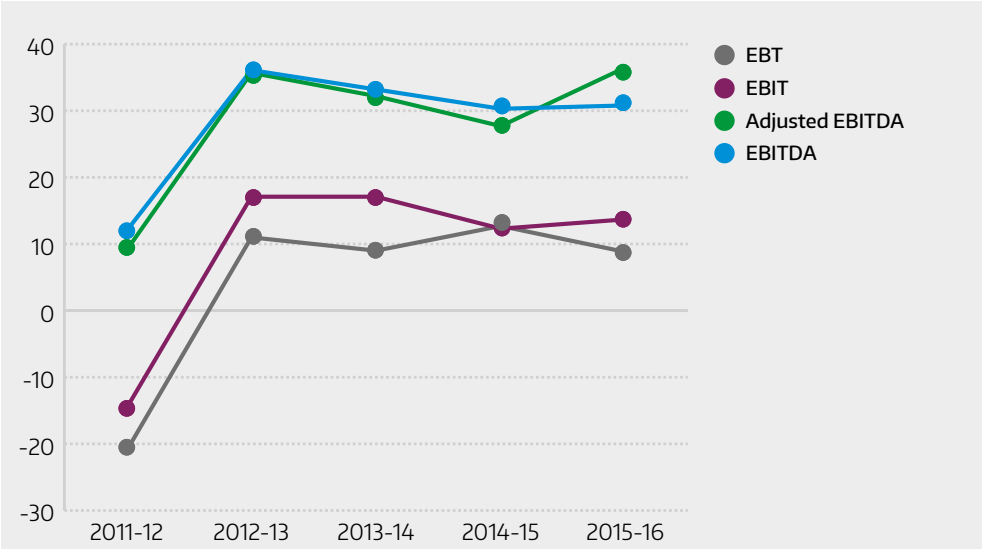


Table 52

Netted LaLiga Santander • Operating Margins (% of Net Turnover)

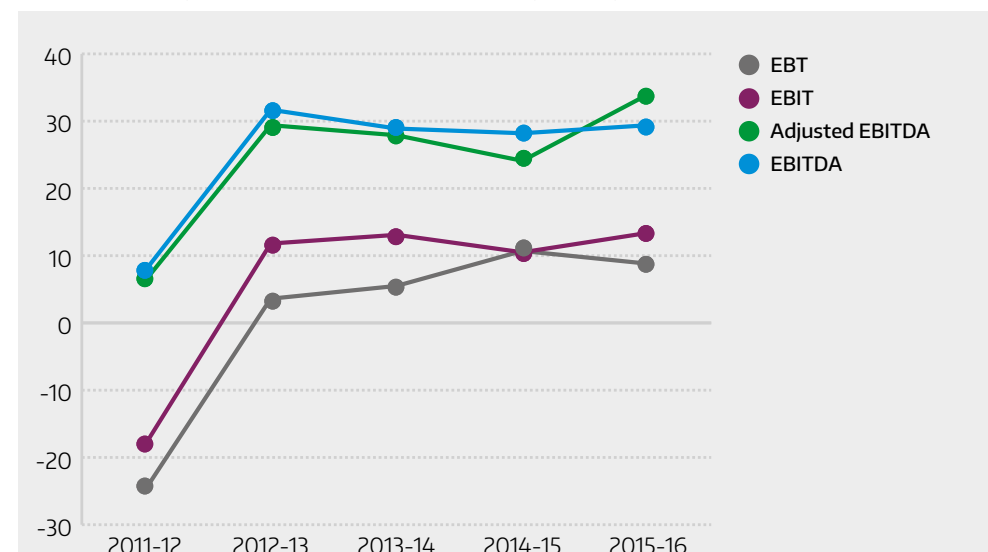
Operating margins Netted LaLiga Santander	11-12	12-13	13-14	14-15	15-16
Adjusted EBITDA margin	9.1%	35.7%	30.3%	27.7%	36.5%
EBITDA margin	12.0%	35.7%	33.2%	30.3%	30.8%
EBIT margin	-14.6%	17.0%	17.1%	12.3%	13.7%
EBT margin	-21.0%	11.0%	9.0%	12.7%	8.8%



Finally, **Netted LaLiga** can be seen as a compendium of the factors discussed above. The **adjusted EBITDA margin** for the 2015-16 season rose to 34.0%, **EBITDA margin** to 29.4%, **EBIT margin** to 13.4% (19.6% without the extraordinary provisions) and the **EBT margin** ended the year at 8.8%.

Netted LaLiga • Variation in Operating Margins

Graph 91



Netted LaLiga • Operating Margins (% of Net Turnover)

Table 53

Operating margins Netted LaLiga	11-12	12-13	13-14	14-15	15-16
Adjusted EBITDA margin	6.2%	29.4%	27.9%	24.1%	34.0%
EBITDA margin	7.7%	31.7%	28.9%	28.2%	29.4%
EBIT margin	-18.2%	11.8%	13.1%	10.5%	13.4%
EBT margin	-24.9%	3.6%	5.5%	10.7%	8.8%

PROFITABILITY RATIOS

Unlike the operating margins analysed in the previous section, profitability ratios (in the numerator) are ratios used to calculate the earnings of a business (i.e. based on data from the Income Statement) while the denominator deals with the asset resources (i.e. based on data from the Balance Sheet) required to obtain said earnings.

In this Report the two most important accounting ratios are calculated to analyse profitability (both the amount at a given time and its variation over time) of Spanish professional football for the five categories under study:

$$ROIC = NOPAT / AVERAGE NET PRODUCTIVE ASSETS (NPA)$$

$$ROE = EAT / AVERAGE NET WORTH (NW) *$$

The following equations are used to calculate the result:

$$NOPAT = EBIT \text{ (operating result)} \times (1 - \text{tax rate})$$

$$NPA^* = \text{Net productive assets (non-financial) including working capital (asset-liability)}$$

$$EAT = \text{net earnings}$$

$$NW = \text{Equity in the broad sense including all items that compose Net Asset Value}$$

ROIC¹⁷ is a ratio of accounting operational profitability of the clubs. In other words, it is a metric that calculates the financial performance after taxes deriving from the productive assets of the club, regardless of its financing structure. The ROIC index was calculated on the basis of the NOPAT in two ways:

$$\bullet EBIT \times (1 - \text{tax rate})$$

$$\bullet \text{Adjusted EBIT}^{18} \times (1 - \text{tax rate})$$

ROE¹⁹ is an accounting ratio that indicates profitability for the owners or shareholders of the clubs. That is, it shows the resulting net financial performance for those who provide the equity. Note that ROE has only been calculated for the last two seasons. The reason for this is that the substantial capitalisation process (i.e. increase in net worth) of the various categories of Spanish professional football causes the capital base to vary dramatically from one season to the next and produces wide variations (downward) in the ratio. This distortion does not reflect the financial profitability for the shareholders but is the result of the serious asset position (i.e. under-capitalisation) of the clubs that comprise the different categories until recent years. This position has improved largely because of the considerable increase in earnings, absence of dividends and numerous capital increases carried out by the clubs under study. Moreover, at certain times and for certain categories under study,

*The average annual values are taken for both NPA and NW $[(\text{balance } n - 1 + \text{balance } n) / 2]$

¹⁷ ROIC is the acronym for "Return on Invested Capital". "Capital" is understood to mean productive investment resources, not share capital (equity).

¹⁸ Adjusted ROIC is calculated from adjusted EBIT. Adjusted EBIT is the EBIT employed in this document +/- the same adjustments that were made change EBITDA into Adjusted EBITDA (except, of course, amortisation) as described in the previous section (basically non-recurring or extraordinary earnings and other accounting formalities).

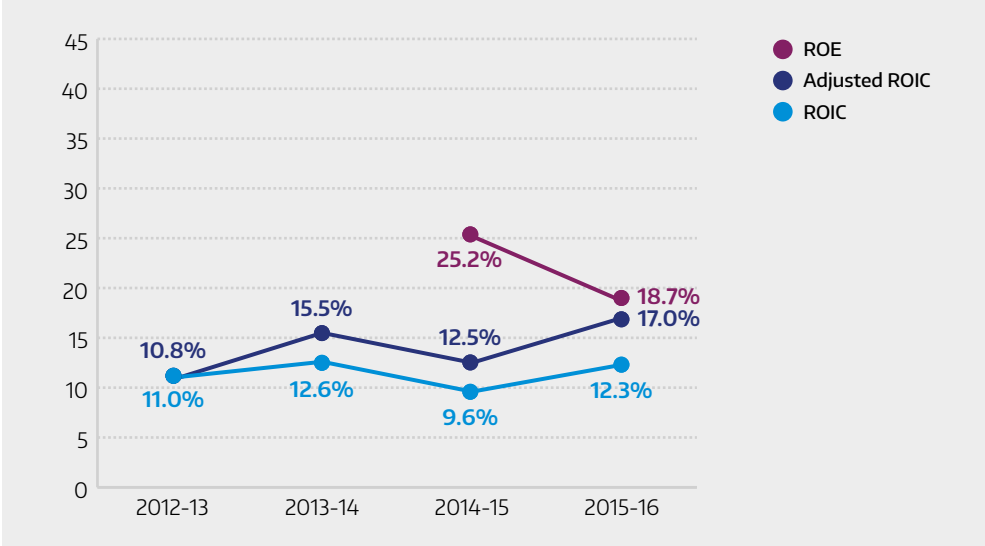
¹⁹ ROE is the acronym for "Return on Equity".

Net Asset Value at the end of season had moved into the red so that the profitability ratio could not be calculated as it made no financial sense.

The ratios have been calculated from the 2012-13 season to 2015-16, a total of four full years. Calculating the *ROE* for the 2011-12 season was discarded for two reasons: firstly because it is a financial year that does not represent the tendency that began the following season. And secondly because to calculate the average balances of the denominators used in the profitability ratios it would be necessary to go back to the 2010-11 season.

To begin with analysis of the ratios for *LaLiga*, it can be seen that operating profitability (*ROIC*) is in good health and consistently scores in the two figure range. However, profitability for shareholders (*ROE*) decreased significantly during financial 2015-16 in spite of the increase in *EAT* recognised for the season. This reflects the significant increase in the base rate, i.e. *Net Asset Value*, which rose from 708.9 M € to 1069.5 M €, a variation of +50.9%. This ratio should stabilise in coming years once the process of reinforcing the financial structure of the Balance Sheet and the process of boosting the clubs' equity comes to an end.

LaLiga • Variation in the profitability ratios

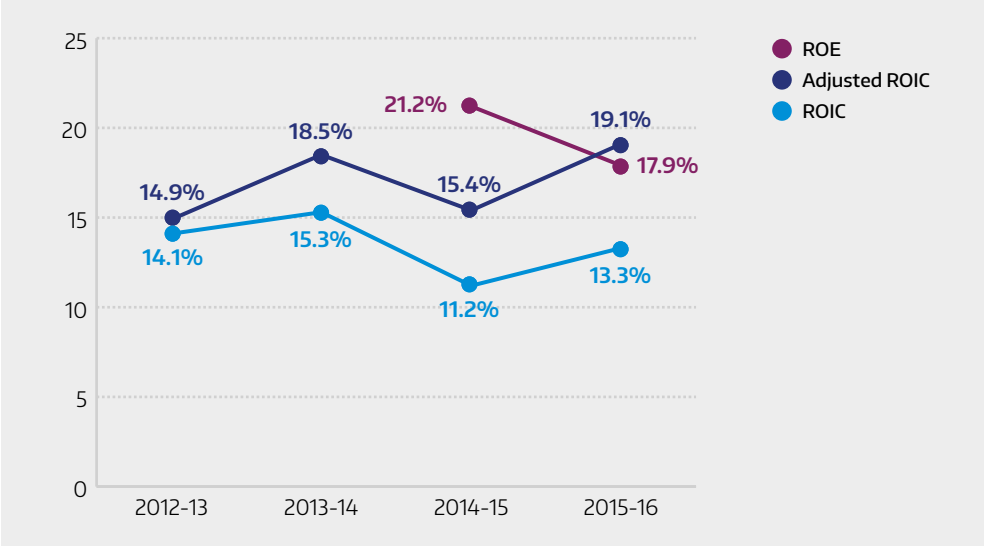


LaLiga • Profitability Ratios

Profitability ratios LaLiga	12-13	13-14	14-15	15-16
NOPAT (with EBIT)	149.2	169.2	140.3	204.1
NOPAT (with adjusted EBIT)	146.9	208.5	182.5	282.4
Average NPA	1.362.2	1.343.2	1.457.9	1.663.0
ROIC	11.0%	12.6%	9.6%	12.3%
Adjusted ROIC	10.8%	15.5%	12.5%	17.0%
EAT	120.8	183.7	159.3	166.3
Average NW	336.2	513.9	695.8	889.2
ROE	-	-	25.2%	18.7%

The variations in the operating profitability ratios (*ROIC*) in *LaLiga Santander* is very similar to those of *LaLiga*, although somewhat higher. This is because the contribution of the Second Division to the aggregated earnings of *LaLiga* is still fairly insignificant, although a gradual increase in its contribution is expected in coming years. They are, however, more than acceptable for the activity and outperform the major European competitions. The rate of return for shareholders (*ROE*) is significantly lower but more stable, given the sounder equity structure of the First Division. Keeping *ROIC* at around 15.0% per annum and *ROE* at around 20.0% should be sufficient to enable *LaLiga Santander* to preserve its recovered financial health and to create an acceptable level of value for shareholders on a recurring basis in a context of constant business growth.

LaLiga Santander • Variation in profitability ratios



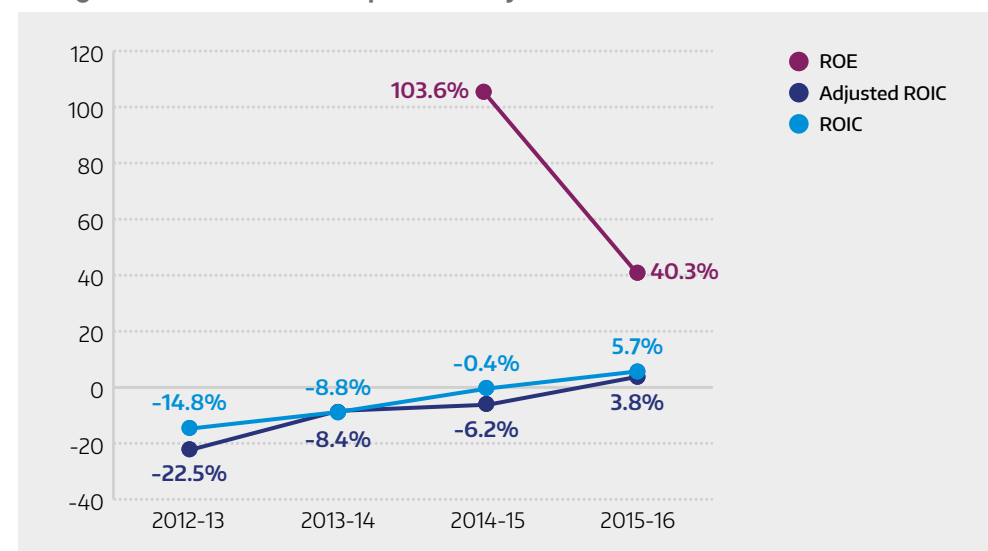
LaLiga Santander • Profitability Ratios

Profitability ratios LaLiga Santander	12-13	13-14	14-15	15-16
NOPAT (with EBIT)	171.2	182.4	141.1	190.8
NOPAT (with adjusted EBIT)	180.3	221.1	194.8	273.6
Average NPA	1.213.5	1.192.8	1.261.5	1.430.7
ROIC	14.1%	15.3%	11.2%	13.3%
Adjusted ROIC	14.9%	18.5%	15.4%	19.1%
EAT	148.3	177.8	144.6	152.8
Average NW	320.2	492.9	681.5	855.8
ROE	-	-	21.2%	17.9%

The first thing that draws the attention on analysing the variations in the ratios of *LaLiga 1/2/3* is that operating profitability of the Second Division is much weaker than that of the First Division. This is true in spite of the noteworthy progress made in recent seasons in which, in no more than five years, the *ROIC* has recovered from deep in the red to consolidate a certain level of profitability, even though it is still below double figures. The *ROE* fell significantly, but once again this is due to the substantial capitalisation effort and increased *Net Asset Value*, which grew from 13.4 M € to 53.4 M € in a single season (+297.1%).

LaLiga 1/2/3 • Variation in profitability ratios

Graph 94



LaLiga Santander • Profitability Ratios

Table 56

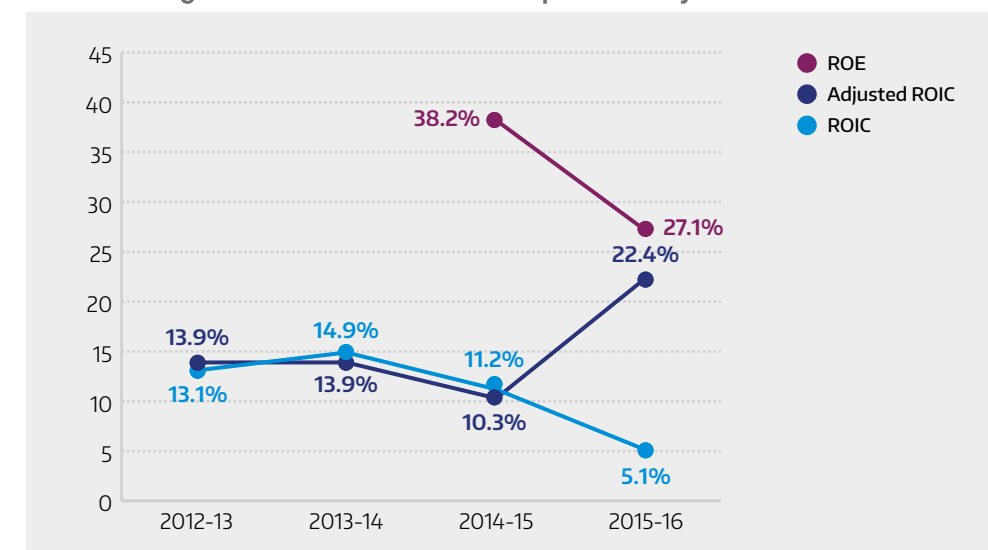
Profitability ratios LaLiga 1/2/3	12-13	13-14	14-15	15-16
NOPAT (with EBIT)	-22.0	-13.2	-0.8	13.3
NOPAT (with adjusted EBIT)	-33.4	-12.6	-12.3	8.8
Average NPA	148.6	150.4	196.4	232.3
ROIC	-14.8%	-8.8%	-0.4%	5.7%
Adjusted ROIC	-22.5%	-8.4%	-6.2%	3.8%
EAT	-27.5	5.9	14.7	13.5
Average NW	16.0	21.0	14.2	33.4
ROE ²⁰	-	-	103.6%	40.3%

With respect to *Netted LaLiga Santander*, the operating profitability ratios are usually weaker than those of *LaLiga Santander*. This is evidence that the other First Division clubs are less profitable than the big two. However, in 2015-16 the *adjusted ROIC* ratio of *Netted LaLiga Santander* reached 22.4% and clearly outperforms that of *LaLiga Santander*. This is because the adjustments made to convert *EBITDA* into *Adjusted EBITDA* are practically all attributable to First Division clubs except the two big ones.

Conversely, the *ROE* of *Netted LaLiga Santander* is higher than that of *LaLiga Santander* due to the effect of the lower level of capitalisation of the First Division clubs with respect to the two biggest.

Netted LaLiga Santander • Variation in profitability ratios

Graph 95



Netted LaLiga Santander • Profitability Ratios

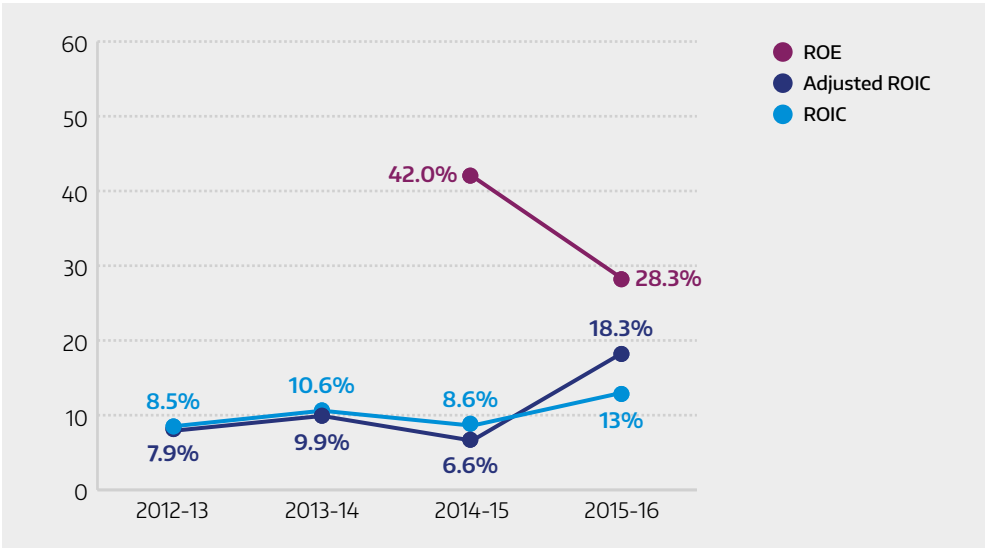
Table 57

Profitability ratios Net. LaLiga Santander	12-13	13-14	14-15	15-16
NOPAT (with EBIT)	98.7	101.4	76.0	124.9
NOPAT (with adjusted EBIT)	104.6	94.5	69.7	185.3
Average NPA	751.7	679.1	680.3	872.2
ROIC	13.1%	14.9%	11.2%	15.1%
Adjusted ROIC	13.9%	13.9%	10.3%	22.4%
EAT	78.9	98.1	87.4	93.8
Average NW	41.0	124.3	229.2	345.7
ROE	-	-	38.2%	27.1%

Lastly, the profitability ratios of *Netted LaLiga* are calculated. Along the lines of the above analyses, they do not depart from the expected path.

Netted LaLiga • Variation in profitability ratios

Graph 96



Netted LaLiga • Profitability Ratios

Table 58

Profitability ratios Netted LaLiga	12-13	13-14	14-15	15-16
NOPAT (with EBIT)	76.6	88.2	75.2	138.2
NOPAT (with adjusted EBIT)	71.2	81.9	57.5	194.1
Average NPA	900.3	829.6	876.7	1.059.5
ROIC	8.5%	10.6%	8.6%	13.0%
Adjusted ROIC	7.9%	9.9%	6.6%	18.3%
EAT	51.4	104.1	102.2	107.7
Average NW	57.0	150.3	243.4	379.1
ROE	-	-	42%	28.3%

VALUE CREATION

To conclude this section on the profitability of Spanish football, the following is an analysis of value creation or the economic value added²⁰ for each season and for each category studied in this Report.

Economic Value Added (EVA) is defined as:

ANNUAL ECONOMIC VALUE CREATION = (ROIC - WACC) x NPA resources

Value creation can be defined quantitatively as the annual difference between the Return On Invested Capital (*i.e. ROIC*)* multiplied by the *Net Productive Assets (NPA)* and the Weighted Average Cost of Capital (*i.e. WACC*)²¹ multiplied by the same *Net Productive Assets (NPA)*. In other words it is the surplus between pure business profitability of the clubs - regardless of their liability structure - and cost of their financing sources or the resources required to maintain said productive capacity multiplied by the average volume of the economic assets invested.

As in the previous section, value creation is measured from the 2012-13 season to 2015-16, a total of four full years. Calculating value creation from the 2011-12 season in line with other parameters analysed in this report was discarded for two reasons: firstly because it is a financial year that does not represent the tendency that began the following season. Second, because to calculate the average asset balances of the denominators used in the profitability ratios, we would have to go back to the 2010-11 season.

The aggregated results are very positive. *LaLiga* has managed to create value amounting to at least 376.6 M € over the last four seasons. The surplus of 132.4 M € achieved in the 2015-16 financial year was the largest on record. This outcome contributes to the increment in operating profitability (*ROIC*) and to reducing the weighted average cost of capital (*WACC*) and is a direct result of the financial restructuring process implemented in recent years and a favourable variation in the macroeconomic and market variables.

LaLiga • Value Creation

Table 59

Annual value creation LaLiga	12-13	13-14	14-15	15-16	4 ejercicios
ROIC	11.0%	12.6%	9.6%	12.3%	11.4% prom.
Adjusted ROIC	10.8%	15.5%	12.5%	17.0%	14.0% prom.
Indicative WACC	5.8%	5.0%	4.6%	4.3%	4.9% prom.
Net productive assets (NPA)	1.362.2	1.343.2	1.457.9	1.663.0	1.456.6 prom.
Economic value added	69.5	101.7	73.1	132.4	376.6 total
Adjusted Economic Value Added	67.3	141.0	115.3	210.7	534.2 total

*EBA is calculated both with the *ROIC (EBITDA)* and the *adjusted ROIC (adjusted EBITDA)*

²⁰ Economic Value Added (EVA).

²¹ The "Weighted Average Cost of Capital" (*WACC*) was tentatively calculated for each season and category according to conservative criteria. To do so we have used certified macroeconomic market parameters (e.g. variations in the Euribor and Risk-free Interest Rate, Market Risk Premium, etc.), market data (e.g. beta coefficients for comparable listed European clubs - the 0.50x-level unlevered beta is taken as the coefficient -). The annual debt/equity (*D/E*) is taken on the basis of the restatement of the financial balance, the average cost of debt (*kD*) was calculated and the Capital Asset Pricing Model method was applied to calculate the cost of equity (*kE*) in each financial year.

LaLiga Santander creates even more economic value, which shows that all the surplus generated comes from the First Division. The contribution of the Second Division as a whole is still negative. The following table shows that this bigger surplus with respect to **LaLiga** is due to a higher return on assets (*ROIC*) and lower cost of capital (*WACC*) compared to the aggregate of the two competitions.

LaLiga Santander • Value Creation

Table 60

Annual value creation LaLiga Santander	12-13	13-14	14-15	15-16	4 ejercicios
ROIC	14.1%	15.3%	11.2%	13.3%	13.5% prom.
Adjusted ROIC	14.9%	18.5%	15.4%	19.1%	17.0% prom.
Indicative WACC	5.5%	4.5%	4.4%	4.1%	4.6% prom.
Net productive assets (NPA)	1.213.5	1.192.8	1.261.5	1.430.7	1.274.6 prom.
Economic value added	104.3	128.6	85.7	132.4	451.0 total
Adjusted Economic Value Added	113.4	167.3	139.4	215.2	635.3 total

LaLiga 1/2/3 is not yet able to generate value since its return on productive economic assets (*ROIC*) is below its cost of capital (*WACC*), which is still relatively high. Operating profitability is even negative in some seasons. The upside is that in 2015-16 the competition achieved an important milestone: it reached break-even point in terms of economic value for the first time. Therefore we can reasonably expect that in coming years the financial restructuring process will be brought to a satisfactory conclusion and the competition will gradually create more value.

LaLiga 1/2/3 • Value Creation

Table 61

Annual value creation LaLiga 1/2/3	12-13	13-14	14-15	15-16	4 ejercicios
ROIC	-14.8%	-8.8%	-0.4%	5.7%	-4.6% prom.
Adjusted ROIC	-22.5%	-8.4%	-6.2%	3.8%	-8.3% prom.
Indicative WACC	8.6%	9.1%	6.1%	5.7%	7.4% prom.
Net productive assets (NPA)	148.6	150.4	196.4	232.3	181.9 prom.
Economic value added	-34.8	-27.0	-12.7	0.0	-74.4 total
Adjusted Economic Value Added	-46.1	-26.4	-24.1	-4.4	-101.1 total

The results of **Netted LaLiga Santander** in terms of value creation are also very satisfactory. First Division teams - excluding the big two - generated 55% of the total economic surplus during the 2012-13 to 2015-16 period. We can expect this weighting to grow in the future taking into account, on the one hand, the gradual trend towards turnover convergence and on the other the positive variation in operating margins and profitability ratios of this category, which are now even greater than those of the **LaLiga Santander**. In contrast, the *WACC* for last season remained about 50 basis points higher, the only disadvantage.

Netted LaLiga Santander • Value Creation

Table 62

Annual value creation Net. LaLiga Santander	12-13	13-14	14-15	15-16	4 ejercicios
ROIC	13.1%	14.9%	11.2%	15.1%	13.6% prom.
Adjusted ROIC	13.9%	13.9%	10.3%	22.4%	15.1% prom.
Indicative WACC	6.0%	5.3%	5.0%	4.6%	5.2% prom.
Net productive assets (NPA)	751.7	679.1	680.3	827.2	734.6 prom.
Economic value added	53.2	65.3	42.3	86.7	247.6 total
Adjusted Economic Value Added	59.1	58.4	36.0	147.0	300.0 total

Finally, the variation in **Netted LaLiga** with reference to value creation is along the expected lines taking into account the analysis of the previous categories.

Netted LaLiga • Value Creation

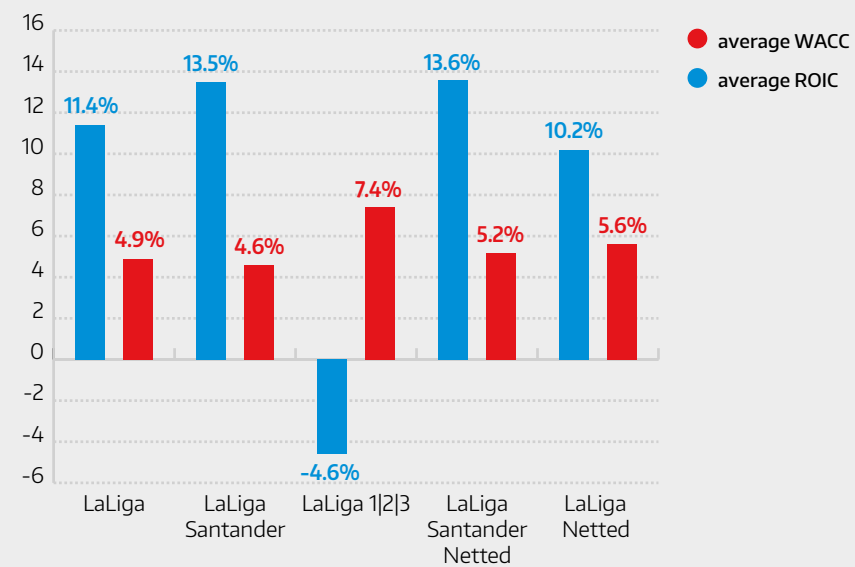
Table 63

Annual value creation Netted LaLiga	12-13	13-14	14-15	15-16	4 ejercicios
ROIC	8.5%	10.6%	8.6%	13.0%	10.2% prom.
Adjusted ROIC	7.9%	9.9%	6.6%	18.3%	10.7% prom.
Indicative WACC	6.5%	6.0%	5.2%	4.9%	5.6% prom.
Net productive assets (NPA)	900.3	829.6	876.7	1.059.5	916.5 prom.
Economic value added	18.5	38.4	29.6	86.7	173.1 total
Adjusted Economic Value Added	13.0	32.1	11.9	142.6	199.6 total



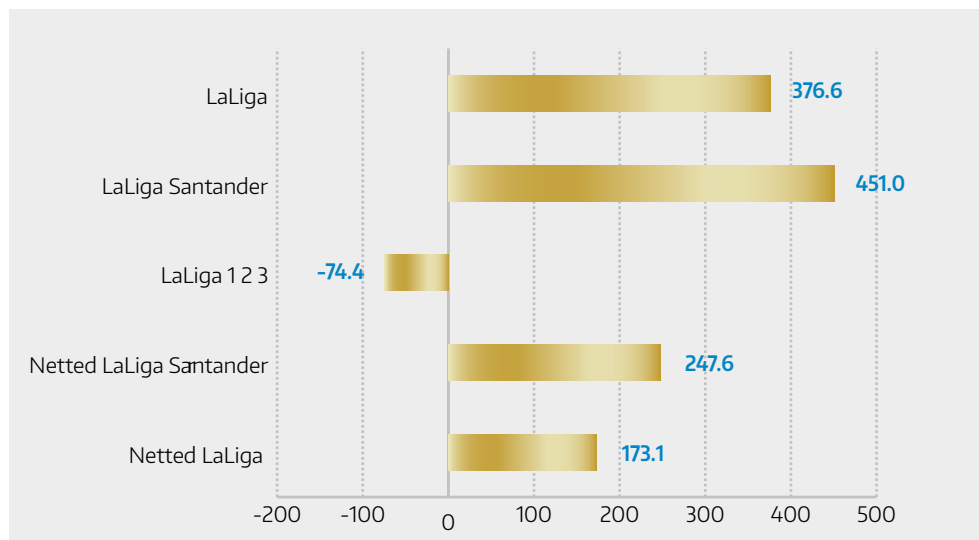
Graph 97

ROIC vs. WACC • average rates 2012-13 to 2015-16



Graph 98

Value creation (EVA 2012-14 to 2015-16)





Cash Flow Variation Indicates
Intensification Of Effective
Performance And Value
Creation

Of all the methods with which variation in the viability and profitability of Spanish professional football can be analysed, special attention should be paid to the analysis of aggregated *cash flows*.

This section represents cash flow at its various levels, but only for the First Division, i.e.; *LaLiga Santander* and *Netted LaLiga Santander*. This is due to the existing cash flow statement access limitations for clubs in *LaLiga 1/2/3*, some of which, in accordance with the Spanish General Accounting Plan (PGC)²², are not legally obliged to report this statement since they submit abbreviated annual financial statements due to their lower turnover level. At all events, the First Division represents the bulk of the cash flow of *LaLiga*, accounting for around 95% of the various balances. Thus the following analysis is sufficiently representative.

Consequently, the cash flow data presented herein is generally based on the audited Financial Statements of the First Division clubs, and in particular with their Cash Flow Statements. However, the annual cash variations are arranged in cascading form and, even though merely conceptually, in keeping with their nature and financial precedence. To facilitate understanding and visualisation of the analysis, the cascade has also been calculated by the indirect method, i.e., based on the net earnings (EAT) of the aggregated Income Statement.

The *cash flow* cascade clearly represents the effective financial performance and the levels at which the clubs create and destroy liquidity regardless of the currently applicable accounting criteria.

The first aspect that draws the attention is the manner in which the improvement in operating outcome for 2015-16 has been translated into greater *operating cash flow* which reached 381.0 M €, a year-on-year increase of +129.4%. To achieve this remarkable performance operating cash contributed the increase in turnover, growth in operating margins and good progress in working capital (i.e. investment in working capital) plus the absence, as in 2013-14 and 2014-15, accounting immediate positive results without translation actual charges. In contrast, as already noted in this Report, the circumstances are detrimental to the book outcome of *LaLiga Santander* due to the excess of nonrecurring provisions which, however, do not affect the short-term liquidity of the competition. In other words, the conversion rate of *EBITDA* to *net operating cash flow* (after tax) was 58%, the highest in four years.

The cash flow cascade also shows how this positive structural performance by *LaLiga Santander* has been allocated largely to increasing production capacity, mainly for investment in renovation and extension of sporting facilities (-229.2 M €). This is an exceptionally high figure, the increase of which is driven precisely by a self-financing capacity that fosters creation of growing positive operating cash flows. All in all, structural *Free Cash Flow* (before investment in players) reached a positive surplus of 151.5 M €. It should be noted that if investment in facilities had been limited to the normal level (roughly -75 M € per annum could be considered a normal recurring expense), structural *Free Cash Flow* would have stood at 305.7 M €.

This theoretical surplus would have been almost enough to self-finance all effective investment in players which reached the unusually high figure of -320.1 M € in the 2015-16 season, the highest in four years. This clearly demonstrates something pointed out at various points in this Report: once the operational transformation and financial restructuring has come to an end the clubs are concentrating their efforts on making investments that will enhance their competitiveness and, by extension, increase their income in the future.

Thus *total Free Cash Flow* for 2015-16 stood at -168.6 M €. But if investments (in players and facilities) had been similar to a normal year (i.e. the recurring level) said *Free Cash Flow* would have reported a surplus of around 250 M €. This is a very significant amount and highlights the intrinsic capacity of *LaLiga* to generate cash, a vital parameter to boost the general value of competition (and of the clubs that comprise it) and at the same time ensure its financial or credit-related viability. Over the next few years the First Division

should be able to generate *Free Cash Flow* after investments of between 175 and 225 M €²³ as a matter of course. With this potential balance the deleveraging trend could be reversed and, even more important, shareholders could be remunerated by allocation of dividends. This would increase the overall attractiveness of *LaLiga* from a financial point of view, helping to increase the confidence of investors (both of debt and equity) and ultimately enabling growth and consolidation as the leading global competition not only on the sports level but also economically.

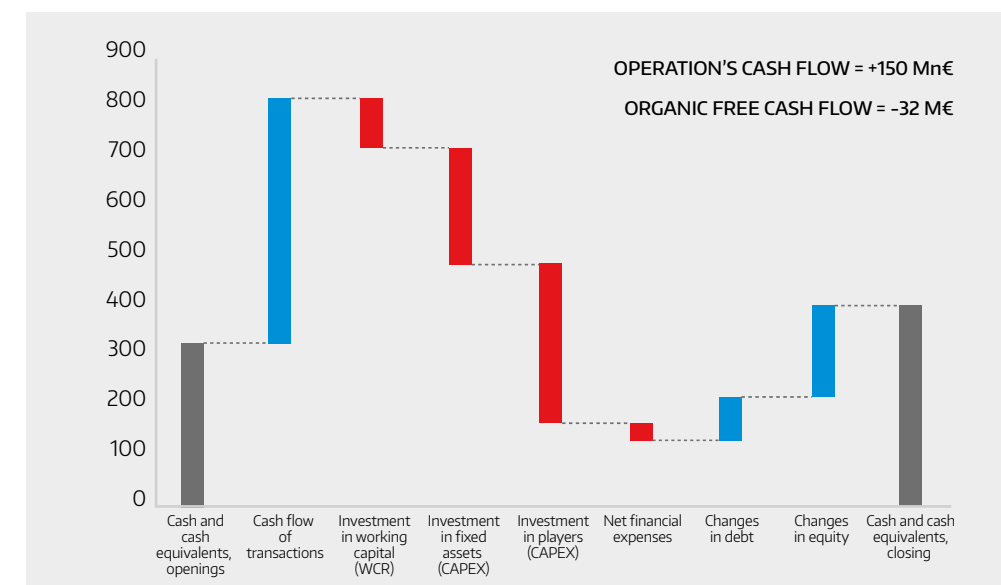
In 2015-16 *LaLiga Santander* has drawn 15 M € more financial debt in absolute terms than it has repaid. However, in relative terms the debt ratios have continued to decline due to significant growth in *revenue* and *EBITDA*. It also incurred financial expenses of -31 M €. Likewise, the competition monetised non-operating financial investments totalling 73 M €.

Special attention should be paid to the reinforcement of the equity structure after monetary capital increases totalling 179.5 M €. In the past 4 years a total cash increase of 387.2 M € deriving from capital increases has been achieved, an amount which, together with the endogenous increase in *Net Asset Value* resulting from the accumulation of book profit has been responsible for turning the overall degree of capitalisation around, thus reducing the relative weight of debt on the clubs' balance sheets.

As a result of these movements, *Cash and Cash Equivalents* of *LaLiga Santander* at the end of the 2015-16 season stood at 393.4 M €, up 64.9 M € on the previous year (+19.7%).

Graph 99

LaLiga Santander · Variations in the Cas flow Cascade



²² 2007 General Accounting Plan (PGC)

²³ In the absence of additional projects, not planned at the date of issue of this report, for stadium construction or new facilities.

LaLiga Santander · Cash flow Cascade²⁴

Table 64

LaLiga Santander	2012-13	2013-14	2014-15	2015-16	Total	TACC 3a
PyG						
Net business turnover	1,794	1,829	1,938	2,394	7,955	10.1%
Annual variation	-	2.0%	6.0%	23.5%		
Total income	2,083	2,170	2,419	2,806	9,479	10.4%
Annual variation	-	4.2%	11.5%	16.0%		
EBITDA without transfers	370	340	232	397	1,339	2.4%
Annual variation	-	-8.1%	-31.6%	70.8%		
Margin on net business turnover	20.6%	18.6%	12.0%	16.6%		
Earnings on transfers	197	245	337	262	1,041	9.9%
Annual variation	-	24.0%	37.9%	-22.4%		
EBITDA	567	585	570	659	2,380	5.1%
Annual variation	-	3.1%	-2.5%	15.6%		
Margin on net business turnover	31.6%	32.0%	29.4%	27.5%		
EBIT	245	261	196	254	955	1.3%
Annual variation	-	6.5%	-24.8%	29.8%		
Margin on net business turnover	13.6%	14.2%	10.1%	10.6%		
Result before taxes and discharges (EBT)	182	208	183	187	760	0.8%
Annual variation	-	14.0%	-11.7%	1.8%		
Margin on net business turnover	10.2%	11.4%	9.5%	7.8%		
Cashflow						
Net result (EAT)	148	178	144	153	623	1.0%
Annual variation	-	20.0%	-18.9%	6.1%		
Margin on net business turnover	8.3%	9.7%	7.4%	6.4%		
Adjustments of result (Non-cash income and expenses)	207	142	157	350		
Investment in working capital (WCRs)	-32	-95	-103	-96		
Payment of tax on profits	-17	-26	-30	-26		
Other collections and payments	-6	-2	0	-1		
CASH FLOW OF TRANSACTIONS	301	197	167	381	1,045	8.2%
Net investments in fixed assets (CAPEX)	-75	-76	-174	-229		
ORGANIC FREE CASH FLOW (without investment in players)	226	120	-7	152	491	-12.5%
Net investments in players (CAPEX)	-35	-40	-148	-320		
FREE CASH FLOW	191	81	-155	-169	-52	-
Net financial expenses	-49	-44	-31	-31		
Change in financial debt	-60	-119	90	15		
Net financial investments	18	(7)	13	72		
EQUITY CASH FLOW	99	-89	-83	-112	-185	-
Capital subsidies and other donations	0	0	0	-		
Increases in capital and issue of equity instruments	2	144	62	179		
Repayment of capital. amortisation of equity instruments and dividends	(7)	(5)	(6)	(2)		
VARIACIÓN DEL CASH FLOW	94	50	-28	65	181	-11.7%
Change in cash flow						
CASH AND CASH EQUIVALENTS. OPENING	212	307	357	329		
CASH AND CASH EQUIVALENTS. CLOSING	307	357	329	393		

²⁴ Note: Flows calculated according to effective collections and payments, not as rights and obligations undertaken. For example, investment (Capex) in players does not refer to the total investment but to the part of the total investment actually disbursed. In accordance with the applicable accounting standards, debit balances of the investor clubs with the selling clubs appear as increased working capital rather than as increased financial debt, to which it would be attributable if the broad definition of financial debt employed by LaLiga were applied.

The same analysis can be carried out for *Netted LaLiga Santander*, the First Division of Spanish professional football minus the two biggest clubs.

The main conclusion to be drawn is that, despite the remarkable variation of the *Netted LaLiga Santander* during recent years (even better than that of *LaLiga Santander*), nearly two thirds of the annual *Operating Cash Flow* is generated by the two biggest clubs in the First Division as of 2015-16. At all events this category generated 150.2 M € of positive surplus under this head. This is the highest amount in the series and doubles the figure for the previous season.

However, this operating performance is entirely consumed by the investment needs of *Netted LaLiga Santander* which increased dramatically in the 2015-16 financial year as regards both investments in fixed assets (-182.1 M €, an extraordinarily high figure for a single financial year, attributable to the construction/refurbishment of stadiums and sporting facilities), and investments in players (-221.0 M € - in addition to the absolute amount, significant though it is, the fact that it is the first time in the series that net investment in players has been negative should be noted-).

All in all, *Netted LaLiga Santander Free Cash Flow* stood at -253.1 M € in 2015-16, an increase of more than 100 M € in the deficit of the previous season. But, as noted with respect to the other category, if the aforesaid extraordinary investments are ignored, normal generation of *Free Cash Flow* would have stood at around 100-125 M €.

Netted LaLiga Santander financed this annual cash deficit by increasing net financial debt, which grew by 45.8 M €, and the capital increases undertaken which represented a cash inflow of 175.5 M € (virtually all the equity injections achieved by *LaLiga*).

However, at the end of the season *Cash and Cash Equivalents* amounted to 154.9 M €, an increase of +11.3 € M € (+7.8%) compared to the end of the previous season.

Netted LaLiga Santander · Variations in the Cash flow Cascade

Graph 100

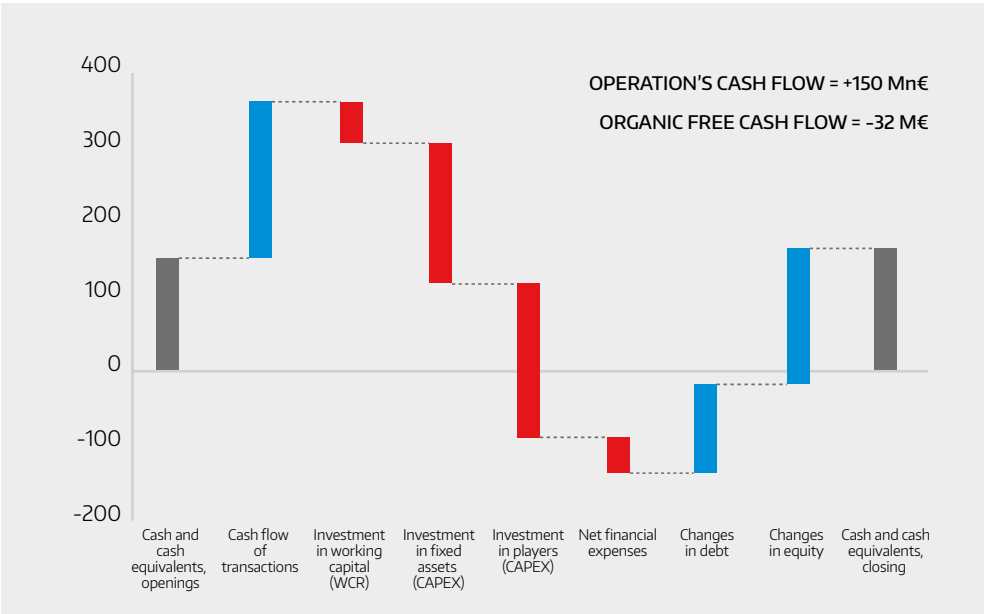


Table 65

Netted LaLiga Santander · Cas flow Cascade

Netted LaLiga Santander	2012-13	2013-14	2014-15	2015-16	Total	TACC 3a
PyG						
Net business turnover	830	846	859	1,217	3,752	13.6%
Annual variation	-	2.0%	1.6%	41.6%		
Total income	1,066	1,067	1,164	1,513	4,809	12.4%
Annual variation	-	0.1%	9.1%	30.0%		
EBITDA without transfers	113	116	24	164	415	13.3%
Annual variation	-	-8.1%	-31.6%	70.8%		
Margin on net business turnover	13.6%	13.7%	2.7%	13.4%		
Earnings on transfers	184	165	237	211	797	4.6%
Annual variation	-	-10.0%	43.1%	-11.0%		
EBITDA	297	281	260	374	1,212	8.1%
Annual variation	-	-5.2%	-7.4%	43.8%		
Margin on net business turnover	35.7%	33.2%	30.3%	30.8%		
EBIT	141	145	106	167	558	5.7%
Annual variation	-	2.8%	-27.1%	57.8%		
Margin on net business turnover	17.0%	17.1%	12.3%	13.7%		
Result before taxes and discharges (EBT)	91	105	109	107	412	5.7%
Annual variation	-	15.1%	4.5%	-1.8%		
Margin on net business turnover	11.0%	12.4%	12.7%	8.8%		
Cashflow						
Net result (EAT)	79	98	87	94	358	5.9%
Annual variation	-	24.4%	-10.9%	7.3%		
Margin on net business turnover	9.5%	11.6%	10.2%	7.7%		
Adjustments of result (Non-cash income and expenses)	15	-15	-7	118		
Investment in working capital (WCRs)	-100	-96	-150	-54		
Payment of tax on profits	-4	-6	-4	-7		
Other collections and payments	0	0	0	-1		
CASH FLOW OF TRANSACTIONS	-10	-20	-74	150	46	-
Net investments in fixed assets (CAPEX)	-38	-33	-76	-182		
ORGANIC FREE CASH FLOW (without investment in players)	-48	-52	-150	-32	-283	-
Net investments in players (CAPEX)	95	70	4	-221		
FREE CASH FLOW	47	18	-146	-253	-335	-
Net financial expenses	-37	-36	-26	-32		
Change in financial debt	-4	-61	118	46		
Net financial investments	18	(5)	22	73		
EQUITY CASH FLOW	23	-85	-32	-166	-260	-
Capital subsidies and other donations	0	0	0	-		
Increases in capital and issue of equity instruments	2	144	48	179		
Repayment of capital, amortisation of equity instruments and dividends	(7)	(5)	(6)	(2)		
VARIACIÓN DEL CASH FLOW	18	54	10	11	93	-14.2%
Change in cash flow						
CASH AND CASH EQUIVALENTS. OPENING	62	80	134	144		
CASH AND CASH EQUIVALENTS. CLOSING	80	134	144	155		





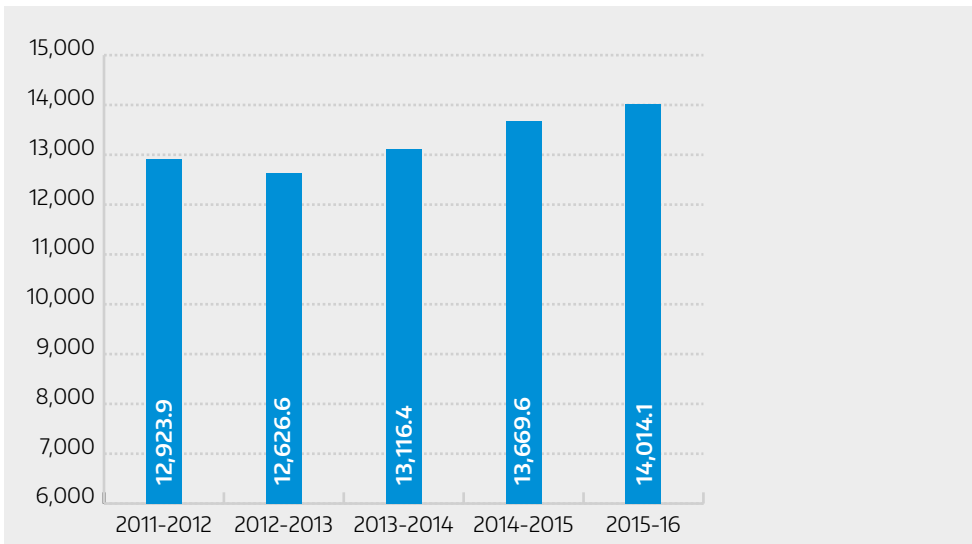
The Socio-Economic Aspect Is
Becoming More Important

THE EXPERIENCE IN STADIUMS IS MORE AND MORE ATTRACTIVE

During the 2014-15 season 14.0 million people attended a football match in a stadium, a year-on-year increase of 2.6%.

As can be seen in the following graph, after a decline in attendance in 2012-13 compared to the 2011-12 season, the number of people attending a football match in a stadium recovered in 2013-14 and 2014-2015, even surpassing the record of the 2011-12 season and continued to grow in the 2015-2016 season with a year-on-year increase of 345,000.

LaLiga • Attendance at stadiums



THE IMPORTANCE OF THE SOCIAL FUNCTION OF LALIGA IS ALWAYS RELEVANT

YOUTH FOOTBALL

In addition to the financial and business aspects that we have analysed, **LaLiga** plays an important social role through its investment in supporting dependent teams in 16 categories ranging from Sub-7 B to Under 23, herein referred to collectively as "youth football".

As already noted throughout this report, Spanish football is a talent-generating competition thanks basically to the grassroots structures maintained by the clubs, especially the professional teams. These football schools or academies teach future professionals not only the technical aspects of the sport but also provide training in competitive and personal values and attitudes that ensure that football players who take part in Spanish football's youth categories are in demand by teams all over the world.

In this respect, investment in grassroots football totalled 87.2 M € during the 2015-16 season which enabled support for 578 teams distributed in the aforesaid 16 categories in which the 10,091 players who participated were attended by 1,537 trainers.

EMPLOYMENT GENERATED

Professional football is also an important generator of employment. In particular, during the 2015-16 season the clubs and sports corporations employed 7.5 thousand workers with an average of 7.7 thousand for the season.

If workers employed by suppliers, subcontractors and service companies that provide goods and services to the clubs to carry out their activity are taken into account the number of full-time jobs amounts to 75.3 thousand.



PROFESSIONAL FOOTBALL'S GROWING CONTRIBUTION TO THE SPANISH ECONOMY

The growing importance of **LaLiga** in the Spanish economy as a whole was pointed out in the first section of this report. As explained above, this reality is demonstrated by the Compound Annual Growth Rate (CAGR) of revenues generated by **LaLiga** (+9.7%) compared to the Spanish GDPmp (+1.7%) since the start of the series under analysis (2011-12 season), which is six percent higher than at the end of 2015-16.

But the socio-economic impact of professional football in Spain is even greater - and broader ²⁵.

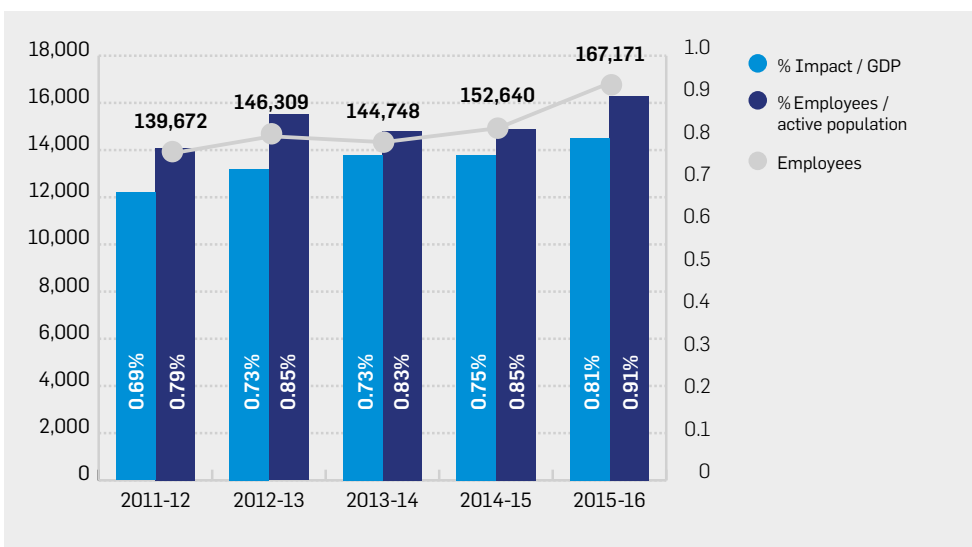
From an empirical point of view the direct contribution of football can be measured by dividing the sum of two economic impacts generated by **LaLiga** by the GDPmp of Spain and studying its variation over time. These impacts are:

- Direct impact; related to spending by fans and companies on products and services associated with professional football.
- Indirect impact and induced impact: related to the ripple effect produced by companies in sectors such as cultural activities, recreation and sports, postal services and telecommunications, real estate and construction, catering, etc. It also includes the ripple effect of the private spending that indirect employees (associated with the activity of professional football) make on the Spanish economy.

These impacts contribute a magnitude similar to that of the total, of around 50%. If they are added together the result is the weight of professional football in the Spanish economy.

A similar analysis can be performed in terms of contribution to employment, dividing the number of people employed by the total Spanish working population (also including direct, indirect and induced workers). The following chart shows the growing weight of **LaLiga** in the Spanish economy from both points of view.

Variation in the estimated impact of professional football in the Spanish economy



But beyond the economic function, professional football generates considerable impacts on other aspects of society.

In particular, 54%* of the Spanish population considers that the greatest contribution of professional football is on *Marca España* (Brand Spain) (after tourism, sport is the second most important contributor to the brand's strength), and 33% that on the spread of healthy lifestyles (79% of respondents consider that football encourages participation in sport in general).

In short, professional football, in addition to being an important economic contributor to the Spanish GDP and a source of employment for the country, makes a positive contribution to other values essential for the development of our society.



²⁵ See "The Socio-economic Impact of Professional Football in Spain". KPMG Sports. KPMG Advisors. 2015

* Data collected in the survey by KPMG



Annexes: Financial Statements

LaLiga Balance Sheet

	2011-12	2012-13	2013-14	2014-15	2015-16
ASSETS					
NON-CURRENT ASSETS	3,000.1	2,834.2	2,955.5	3,235.8	3,158.3
Sport intangible assets	936.6	806.9	831.0	1,067.5	1,211.4
Non-sport intangible assets	189.7	181.7	205.0	260.9	237.4
Intangible assets	1,096.6	1,116.8	1,165.3	1,104.0	1,202.9
Real estate investments	68.1	77.3	64.3	44.9	40.4
Long-term investments in group and associated companies	0.0	0.0	61.3	65.3	59.8
Long-term financial investments	400.7	346.7	345.1	386.5	118.9
Long-term accruals	1.6	1.5	1.4	21.8	21.1
Tax credits	278.9	265.8	282.0	284.9	266.2
CURRENT ASSETS	1,027.3	1,063.2	1,013.6	938.3	1,297.5
Non-current assets held for sale	-	-	4.9	9.3	155.2
Stocks	13.4	12.1	10.5	11.2	13.1
Debtors	455.6	356.1	325.3	257.6	257.5
Short-term investments in group and associated companies	0.4	6.8	4.8	2.8	5.0
Short-term financial investments	316.8	349.7	282.4	300.9	439.0
Short-term accruals	14.8	15.6	15.8	17.8	14.5
Cash and other equivalent liquid assets	221.9	320.3	369.8	338.6	413.2
Total assets	4,027.5	3,897.4	3,969.1	4,174.0	4,454.2
LIABILITIES					
EQUITY	297.0	345.2	557.4	708.9	1,069.5
Own funds	145.0	192.9	383.8	487.9	861.6
Adjustments for changes in value	-12.0	-12.0	-12.0	-6.7	-7.1
Subsidies, donations and bequests received	164.0	164.3	185.6	227.7	214.9
NON-CURRENT LIABILITIES	1,511.5	1,449.3	1,415.4	1,602.4	1,384.6
Long-term provisions	63.4	64.9	90.9	123.6	160.8
Long-term debts	1,189.3	1,146.5	1,106.0	1,210.8	968.4
Long-term debts with group and associated companies	43.2	36.3	34.0	78.1	99.7
Deferred tax liabilities	112.4	108.3	129.9	122.2	109.9
Long-term accruals	74.7	71.2	54.6	67.7	45.8
CURRENT LIABILITIES	2,280.2	2,130.1	1,996.4	1,861.5	2,001.8
Short-term provisions	6.2	10.2	11.4	8.4	45.2
Short-term debts	883.0	902.8	804.0	659.6	784.1
Short-term debts with group and associated companies	87.7	6.5	1.7	6.6	14.7
Trade creditors	1,051.7	956.2	953.6	967.8	972.8
Short-term accruals	227.5	238.9	225.8	219.0	185.0
Total liabilities	4,035.8	3,897.4	3,969.1	4,174.0	4,454.2

LaLiga Income Statement

	2011-12	2012-13	2013-14	2014-15	2015-16
PROFIT AND LOSS ACCOUNT					
Net business turnover	1,819.6	1,892.1	1,943.4	2,070.1	2,556.6
Income from competitions	227.2	246.3	366.6	378.1	515.4
Income from season-ticket holders and members	372.1	347.9	256.7	247.6	254.4
Income from broadcasting	728.7	826.7	844.2	854.5	1,125.2
Income from sponsorship	407.1	387.9	392.0	506.3	561.2
Income from advertising	84.5	83.2	83.9	83.5	100.4
Supplies and changes in stocks	-66.2	-59.3	-63.6	-74.7	-81.4
Other income	111.7	104.4	115.2	132.1	153.1
Non-sport staff expenses	-132.1	-129.3	-137.8	-161.1	-187.7
Sport staff expenses	-1,107.9	-1,079.3	-1,122.4	-1,230.4	-1,411.6
Expenses of registrable sport staff in the PFL	-995.0	-959.1	-980.4	-1,070.9	-1,237.8
Expenses of non-registrable sports staff in the PFL	-112.9	-120.2	-142.6	-159.5	-173.8
Other operating expenses (-)	-434.0	-428.4	-474.4	-505.0	-554.7
Amortisations (-)	-399.7	-336.1	-318.6	-377.0	-405.3
Amortisation of transfer rights of registrable players in the PFL	-341.1	-277.7	-254.5	-310.3	-318.8
Amortisation of transfer rights of non-registrable players in the PFL	-3.5	-7.5	-8.2	-4.4	-11.6
Other amortisations	-55.1	-50.9	-55.9	-62.3	-75.0
Allocation of subsidies for non-financial assets and others (+)	10.1	10.5	11.2	15.6	18.3
Excess provisions (+) / (-)	8.0	2.8	0.8	1.7	0.6
Impairment and profit/losses on disposals (+) / (-)	114.0	237.3	239.8	317.7	266.4
Profit from player transfers	174.4	253.9	313.7	388.0	319.3
Losses from player transfers	-34.9	-30.5	-45.4	-39.2	-40.9
Profit from fixed assets and exceptional income	42.0	38.5	50.8	12.6	2.1
Losses from fixed assets and exceptional expenses	-67.5	-24.6	-79.2	-43.9	-14.3
Other results	15.6	-1.5	48.0	6.7	-81.8
Operating result	-60.8	213.1	241.6	194.9	272.1
Financial income (+)	126.9	12.6	54.1	94.6	22.8
Financial expenses (-)	-92.6	-78.9	-70.8	-89.0	-93.1
Impairment and profit/losses from disposals of financial instruments (+) / (-)	-0.5	-1.3	-2.1	-1.8	-0.6
Financial result	33.8	-67.6	-18.9	3.8	-71.0
Result before taxes	-27.0	145.5	222.8	198.7	201.2
Tax on profits (+) / (-)	10.1	-24.7	-39.1	-39.4	-34.8
Result after taxes	-16.9	120.8	183.7	159.3	166.3

LaLiga Santander Balance Sheet

	2011-12	2012-13	2013-14	2014-15	2015-16
ASSETS					
NON-CURRENT ASSETS	2,669.5	2,584.2	2,584.3	2,822.5	2,801.9
Sport intangible assets	846.6	743.5	798.1	1,000.3	1,158.1
Non-sport intangible assets	122.2	163.0	74.7	84.8	86.4
Intangible assets	1,023.2	1,028.8	1,090.8	1,045.8	1,152.0
Real estate investments	56.6	57.3	48.2	25.6	20.9
Long-term investments in group and associated companies	0.0	-	57.1	64.6	48.6
Long-term financial investments	369.8	314.3	302.1	363.1	96.5
Long-term accruals	1.6	1.5	1.4	21.8	21.0
Tax credits	228.6	241.6	211.9	216.5	218.4
CURRENT ASSETS	934.9	968.8	948.0	883.3	1,217.9
Non-current assets held for sale	-	-	4.9	8.7	155.2
Stocks	12.5	9.9	8.3	10.1	11.6
Debtors	407.5	320.3	297.0	237.5	235.6
Short-term investments in group and associated companies	0.1	4.1	3.1	1.5	1.2
Short-term financial investments	280.7	309.5	265.1	279.7	407.0
Short-term accruals	14.4	15.2	13.0	17.2	13.9
Cash and other equivalent liquid assets	213.7	306.6	356.6	328.6	393.5
Total assets	3,604.4	3,553.0	3,532.3	3,705.8	4,019.7
LIABILITIES					
EQUITY	322.2	318.2	667.6	695.5	1,016.2
Own funds	257.8	233.5	609.2	592.3	913.3
Adjustments for changes in value	-12.0	-12.0	-12.0	-12.0	-12.0
Subsidies, donations and bequests received	76.4	96.7	70.4	115.2	114.9
NON-CURRENT LIABILITIES	1,215.5	1,255.1	1,047.1	1,315.3	1,115.9
Long-term provisions	62.3	62.7	84.6	119.2	153.4
Long-term debts	982.6	1,013.1	815.0	977.9	757.0
Long-term debts with group and associated companies	26.9	26.9	20.3	63.6	87.1
Deferred tax liabilities	77.3	82.6	73.9	88.2	74.6
Long-term accruals	66.4	69.9	53.3	66.4	43.8
CURRENT LIABILITIES	2,066.7	1,969.7	1,817.6	1,694.9	1,887.7
Short-term provisions	4.3	9.3	9.3	8.0	43.6
Short-term debts	824.5	849.6	754.1	605.3	740.6
Short-term debts with group and associated companies	85.3	3.8	-	4.0	10.1
Trade creditors	933.8	874.3	832.4	864.9	914.6
Short-term accruals	218.8	233.7	221.9	212.7	178.8
Total liabilities	3,604.4	3,543.0	3,532.3	3,705.8	4,019.7

LaLiga Santander Income Statement

	2011-12	2012-13	2013-14	2014-15	2015-16
PROFIT AND LOSS ACCOUNT					
Net business turnover	1,724.4	1,793.6	1,829.3	1,938.2	2,393.5
Income from competitions	219.9	239.2	357.7	369.5	508.8
Income from season-ticket holders and members	350.3	327.5	233.4	217.8	230.3
Income from broadcasting	687.4	775.4	784.1	785.9	1,021.9
Income from sponsorship	396.4	380.7	381.9	492.8	548.8
Income from advertising	70.3	70.7	72.3	72.3	83.7
Supplies and changes in stocks	-63.1	-53.9	-57.6	-66.4	-73.9
Other income	88.2	81.2	92.7	104.6	118.2
Non-sport staff expenses	-119.8	-113.8	-120.6	-138.9	-164.2
Sport staff expenses	-1,012.9	-972.7	-1,036.3	-1,141.7	-1,311.7
Expenses of registrable sport staff in the PFL	-904.7	-863.1	-903.2	-995.4	-1,151.9
Expenses of non-registrable sports staff in the PFL	-108.2	-109.6	-133.7	-146.2	-159.8
Other operating expenses (-)	-387.5	-375.3	-422.5	-448.9	-491.3
Amortisations (-)	-382.5	-312.2	-304.8	-358.9	-392.3
Amortisation of transfer rights of registrable players in the PFL	-330.6	-263.0	-249.6	-305.4	-316.6
Amortisation of transfer rights of non-registrable players in the PFL	-3.5	-6.2	-8.1	-4.4	-11.5
Other amortisations	-48.4	-43.0	-47.1	-49.1	-64.1
Allocation of subsidies for non-financial assets and others (+)	6.4	6.4	5.3	8.7	11.2
Excess provisions (+) / (-)	3.9	2.6	0.4	0.7	0.5
Impairment and profit/losses on disposals (+) / (-)	116.5	193.9	218.3	295.8	249.6
Profit from player transfers	159.3	226.1	286.3	374.2	302.0
Losses from player transfers	-34.2	-28.8	-41.6	-36.8	-40.2
Profit from fixed assets and exceptional income	28.2	11.6	47.2	1.2	1.0
Losses from fixed assets and exceptional expenses	-36.8	-14.9	-73.6	-42.9	-13.4
Other results	11.2	-5.5	56.2	3.7	-85.0
Operating result	-15.2	244.6	260.5	196.0	254.4
Financial income (+)	126.7	12.1	14.1	68.2	22.2
Financial expenses (-)	-83.7	-73.2	-65.2	-80.0	-88.9
Impairment and profit/losses from disposals of financial instruments (+) / (-)	-0.7	-1.3	-1.8	-0.8	-1.1
Financial result	42.2	-62.4	-52.8	-12.6	-67.8
Result before taxes	27.0	182.2	207.7	183.4	186.6
Tax on profits (+) / (-)	-2.4	-33.9	-30.0	-38.8	-33.8
Result after taxes	24.6	148.3	177.8	144.6	152.8

LaLiga 1|2|3 Balance Sheet

	2011-12	2012-13	2013-14	2014-15	2015-16
ASSETS					
NON-CURRENT ASSETS	330.6	250.0	371.3	413.3	356.5
Sport intangible assets	90.1	63.4	32.9	67.1	53.3
Non-sport intangible assets	67.5	18.7	130.3	176.1	151.0
Intangible assets	73.4	87.9	74.5	58.2	50.8
Real estate investments	11.6	20.0	16.2	19.3	19.6
Long-term investments in group and associated companies	-	0.0	4.2	0.8	11.2
Long-term financial investments	30.9	32.4	43.0	23.4	22.4
Long-term accruals	-	-	-	-	0.1
Tax credits	50.3	24.2	70.1	68.4	47.7
CURRENT ASSETS	92.5	94.4	65.6	55.0	79.6
Non-current assets held for sale	-	-	-	0.6	-
Stocks	0.9	2.2	2.2	1.1	1.5
Debtors	48.1	35.8	28.3	20.1	22.0
Short-term investments in group and associated companies	0.4	2.7	1.7	1.4	3.8
Short-term financial investments	36.1	40.2	17.4	21.2	32.0
Short-term accruals	0.5	0.5	2.8	0.6	0.6
Cash and other equivalent liquid assets	8.2	13.6	13.2	10.1	19.7
Total assets	423.1	344.4	436.8	468.3	434.4
LIABILITIES					
EQUITY	-25.2	27.0	-110.2	13.4	53.4
Own funds	-112.8	-40.6	-225.4	-104.4	-51.6
Adjustments for changes in value	0.0	-	0.0	5.3	4.9
Subsidies, donations and bequests received	87.6	67.7	115.2	112.5	100.0
NON-CURRENT LIABILITIES	296.1	194.2	368.3	287.0	268.7
Long-term provisions	1.2	2.2	6.3	4.4	7.4
Long-term debts	206.7	133.4	290.9	232.9	211.4
Long-term debts with group and associated companies	16.3	9.5	13.7	14.5	12.6
Deferred tax liabilities	35.1	25.8	56.0	34.0	35.2
Long-term accruals	8.3	1.3	1.3	1.3	2.0
CURRENT LIABILITIES	213.5	160.4	178.7	166.5	114.1
Short-term provisions	1.9	0.9	2.1	0.4	1.6
Short-term debts	58.6	53.2	49.9	54.3	43.6
Short-term debts with group and associated companies	2.5	2.7	1.7	2.7	4.6
Trade creditors	117.9	81.9	121.2	102.9	58.2
Short-term accruals	8.7	5.2	3.9	6.3	6.1
Total liabilities	423.1	344.4	436.8	468.3	434.4

LaLiga 1|2|3 Income Statement

	2011-12	2012-13	2013-14	2014-15	2015-16
PROFIT AND LOSS ACCOUNT					
Net business turnover	95.3	98.4	114.1	131.8	163.0
Income from competitions	7.3	7.1	8.9	8.6	6.6
Income from season-ticket holders and members	21.9	20.4	23.4	29.9	24.1
Income from broadcasting	41.2	51.3	60.1	68.6	103.3
Income from sponsorship	10.7	7.2	10.1	13.5	12.4
Income from advertising	14.2	12.5	11.6	11.2	16.7
Supplies and changes in stocks	-3.1	-5.4	-6.0	-8.3	-7.5
Other income	23.5	23.3	22.4	27.5	34.9
Non-sport staff expenses	-12.3	-15.5	-17.2	-22.1	-23.5
Sport staff expenses	-94.9	-106.6	-86.1	-88.7	-99.9
Expenses of registrable sport staff in the PFL	-90.3	-96.1	-77.2	-75.4	-85.9
Expenses of non-registrable sports staff in the PFL	-4.6	-10.6	-8.9	-13.3	-14.0
Other operating expenses (-)	-46.5	-53.1	-51.8	-56.2	-63.4
Amortisations (-)	-17.1	-24.0	-13.9	-18.1	-13.0
Amortisation of transfer rights of registrable players in the PFL	-10.4	-14.7	-4.9	-4.9	-2.1
Amortisation of transfer rights of non-registrable players in the PFL	-	-1.3	-0.1	-0.1	-0.1
Other amortisations	-6.7	-7.9	-8.8	-13.1	-10.8
Allocation of subsidies for non-financial assets and others (+)	3.7	4.0	5.9	7.0	7.1
Excess provisions (+) / (-)	4.1	0.1	0.4	1.0	0.2
Impairment and profit/losses on disposals (+) / (-)	-2.5	43.4	21.6	21.8	16.8
Profit from player transfers	15.1	27.7	27.3	13.7	17.2
Losses from player transfers	-0.7	-1.7	-3.7	-2.3	-0.8
Profit from fixed assets and exceptional income	13.8	27.0	3.6	11.4	1.2
Losses from fixed assets and exceptional expenses	-30.8	-9.7	-5.6	-1.0	-0.8
Other results	4.3	4.0	-8.2	3.1	3.2
Operating result	-45.6	-31.5	-18.9	-1.1	17.7
Financial income (+)	0.2	0.5	40.0	26.3	0.6
Financial expenses (-)	-8.8	-5.7	-5.7	-8.9	-4.2
Impairment and profit/losses from disposals of financial instruments (+) / (-)	0.2	-0.0	-0.4	-1.0	0.5
Financial result	-8.5	-5.2	33.9	16.4	-3.1
Result before taxes	-54.0	-36.7	15.1	15.4	14.6
Tax on profits (+) / (-)	12.5	9.2	-9.1	-0.6	-1.1
Result after taxes	-41.5	-27.5	5.9	14.7	13.5

Netted LaLiga Santander Balance Sheet

	2011-12	2012-13	2013-14	2014-15	2015-16
ASSETS					
NON-CURRENT ASSETS	1,701.2	1,612.8	1,519.0	1,590.7	1,684.0
Sport intangible assets	419.4	297.0	306.8	412.2	623.0
Non-sport intangible assets	112.9	154.9	65.9	62.1	68.8
Intangible assets	601.6	588.7	630.4	589.1	685.6
Real estate investments	31.1	33.1	29.9	7.7	4.4
Long-term investments in group and associated companies	0.0	-	40.1	63.8	47.6
Long-term financial investments	320.3	291.4	267.2	295.2	78.7
Long-term accruals	1.6	1.5	1.4	1.3	1.5
Tax credits	193.4	212.0	177.1	159.3	174.4
CURRENT ASSETS	587.1	584.5	547.1	468.2	744.1
Non-current assets held for sale	-	-	4.9	8.7	155.2
Stocks	11.4	7.9	5.9	7.7	9.0
Debtors	271.2	193.1	157.1	115.8	110.3
Short-term investments in group and associated companies	0.1	4.1	3.1	1.5	1.2
Short-term financial investments	224.6	284.8	232.9	181.2	304.2
Short-term accruals	10.1	11.3	9.2	9.7	9.4
Cash and other equivalent liquid assets	63.6	80.1	134.1	143.6	154.9
Total assets	2,288.3	2,197.3	2,066.1	2,058.9	2,428.1
LIABILITIES					
EQUITY	67.0	-6.2	243.6	214.8	476.6
Own funds	10.8	-82.9	193.0	119.2	381.1
Adjustments for changes in value	-12.0	-12.0	-12.0	-12.0	-12.0
Subsidies, donations and bequests received	68.2	88.7	62.6	107.6	107.5
NON-CURRENT LIABILITIES	840.2	959.2	744.1	965.9	896.9
Long-term provisions	29.4	31.1	48.5	76.8	106.3
Long-term debts	709.1	810.2	601.3	741.3	625.3
Long-term debts with group and associated companies	26.9	26.9	20.3	63.6	87.1
Deferred tax liabilities	65.3	70.7	53.1	58.6	58.4
Long-term accruals	9.5	20.3	20.8	25.6	19.8
CURRENT LIABILITIES	1,381.0	1,234.2	1,078.4	878.2	1,054.6
Short-term provisions	1.5	0.3	0.1	1.3	1.6
Short-term debts	654.5	656.4	557.4	388.6	509.4
Short-term debts with group and associated companies	85.3	3.8	-	4.0	10.1
Trade creditors	574.7	506.8	470.5	416.3	454.6
Short-term accruals	65.1	67.0	50.5	68.0	79.0
Total liabilities	2,288.3	2,197.3	2,066.1	2,058.9	2,428.1

Netted LaLiga Santander Income Statement

	2011-12	2012-13	2013-14	2014-15	2015-16
PROFIT AND LOSS ACCOUNT					
Net business turnover	773.4	829.7	845.9	859.3	1,217.0
Income from competitions	113.9	122.7	152.1	146.3	236.0
Income from season-ticket holders and members	150.0	131.5	109.9	117.6	134.7
Income from broadcasting	367.8	450.9	460.5	459.8	686.2
Income from sponsorship	72.5	54.7	51.3	66.8	80.4
Income from advertising	69.3	69.8	72.0	68.8	79.8
Supplies and changes in stocks	-34.9	-30.0	-31.2	-35.3	-44.8
Other income	45.8	45.0	45.0	45.7	55.1
Non-sport staff expenses	-61.1	-55.8	-59.5	-74.3	-92.4
Sport staff expenses	-569.9	-508.8	-542.2	-528.8	-664.6
Expenses of registrable sport staff in the PFL	-533.2	-471.6	-494.4	-479.7	-607.4
Expenses of non-registrable sports staff in the PFL	-36.7	-37.2	-48.5	-49.1	-57.1
Other operating expenses (-)	-185.9	-177.4	-204.0	-217.2	-253.0
Amortisations (-)	-200.5	-147.1	-121.6	-140.9	-196.9
Amortisation of transfer rights of registrable players in the PFL	-175.3	-126.2	-100.7	-117.1	-165.7
Amortisation of transfer rights of non-registrable players in the PFL	-0.9	-1.7	-1.5	-1.8	-3.8
Other amortisations	-24.3	-19.2	-19.4	-22.1	-27.3
Allocation of subsidies for non-financial assets and others (+)	6.1	6.1	4.9	8.4	10.5
Excess provisions (+) / (-)	2.5	0.7	0.3	0.0	0.5
Impairment and profit/losses on disposals (+) / (-)	100.4	183.2	141.0	195.5	207.1
Profit from player transfers	143.5	197.1	187.7	254.5	234.0
Losses from player transfers	-25.0	-13.2	-22.3	-17.8	-23.5
Profit from fixed assets and exceptional income	6.7	11.5	47.2	1.2	1.0
Losses from fixed assets and exceptional expenses	-24.8	-12.2	-71.6	-42.5	-4.6
Other results	11.2	-4.6	66.2	-5.9	-71.9
Operating result	-112.9	140.9	144.9	105.6	166.6
Financial income (+)	119.9	6.7	8.1	61.9	11.4
Financial expenses (-)	-60.3	-55.5	-47.8	-57.2	-69.4
Impairment and profit/losses from disposals of financial instruments (+) / (-)	-0.7	-1.3	-0.5	-0.8	-1.1
Financial result	58.8	-50.0	-40.2	3.8	-59.2
Result before taxes	-54.0	90.9	104.7	109.4	107.4
Tax on profits (+) / (-)	5.6	-12.0	-6.6	-22.0	-13.6
Result after taxes	-48.4	78.9	98.1	87.4	93.8

Netted LaLiga Balance Sheet

	2011-12	2012-13	2013-14	2014-15	2015-16
ASSETS					
NON-CURRENT ASSETS	2,031.8	1,862.8	1,890.2	2,003.9	2,040.5
Sport intangible assets	509.5	360.4	339.7	479.3	676.3
Non-sport intangible assets	180.4	173.6	196.2	238.3	219.8
Intangible assets	675.0	676.7	705.0	647.3	736.4
Real estate investments	42.7	53.1	46.1	27.0	24.0
Long-term investments in group and associated companies	0.0	0.0	44.3	64.5	58.8
Long-term financial investments	351.2	323.8	310.3	318.6	101.2
Long-term accruals	1.6	1.5	1.4	1.3	1.7
Tax credits	243.7	236.2	247.3	227.7	222.1
CURRENT ASSETS	679.6	678.9	612.7	523.2	823.7
Non-current assets held for sale	-	-	4.9	9.3	155.2
Stocks	12.3	10.1	8.1	8.8	10.5
Debtors	319.3	228.9	185.4	135.9	132.3
Short-term investments in group and associated companies	0.4	6.8	4.8	2.8	5.0
Short-term financial investments	260.8	325.0	250.3	202.4	336.2
Short-term accruals	10.6	11.7	11.9	10.3	10.0
Cash and other equivalent liquid assets	71.8	93.8	147.3	153.7	174.6
Total assets	2,711.4	2,541.7	2,502.9	2,527.1	2,862.6
LIABILITIES					
EQUITY	41.8	20.8	133.3	228.2	530.0
Own funds	-102.0	-123.5	-32.4	14.8	329.5
Adjustments for changes in value	-12.0	-12.0	-12.0	-6.7	-7.1
Subsidies, donations and bequests received	155.8	156.4	177.8	220.1	207.5
NON-CURRENT LIABILITIES	1,136.3	1,153.5	1,112.4	1,252.9	1,165.6
Long-term provisions	30.6	33.3	54.9	81.3	113.7
Long-term debts	915.8	943.6	892.2	974.1	836.8
Long-term debts with group and associated companies	43.2	36.3	34.0	78.1	99.7
Deferred tax liabilities	100.5	96.5	109.1	92.6	93.7
Long-term accruals	17.8	21.7	22.2	26.9	21.8
CURRENT LIABILITIES	1,594.6	1,394.6	1,257.1	1,044.7	1,168.7
Short-term provisions	3.3	1.2	2.2	1.7	3.2
Short-term debts	713.1	709.6	607.3	442.9	552.9
Short-term debts with group and associated companies	87.7	6.4	1.7	6.6	14.7
Trade creditors	692.6	588.7	591.7	519.2	512.8
Short-term accruals	73.8	72.1	54.4	74.3	85.1
Total liabilities	2,711.4	2,541.7	2,502.9	2,527.1	2,862.6

Netted LaLiga Income Statement

	2011-12	2012-13	2013-14	2014-15	2015-16
PROFIT AND LOSS ACCOUNT					
Net business turnover	868.6	928.1	960.0	991.1	1,380.1
Income from competitions	121.1	129.8	161.0	154.9	242.5
Income from season-ticket holders and members	171.8	151.9	133.3	147.4	158.8
Income from broadcasting	409.0	502.2	520.6	528.4	789.5
Income from sponsorship	83.2	61.9	61.4	80.3	92.8
Income from advertising	83.5	82.3	83.7	80.0	96.5
Supplies and changes in stocks	-38.1	-35.5	-37.2	-43.6	-52.3
Other income	69.3	68.2	67.4	73.2	90.0
Non-sport staff expenses	-73.4	-71.3	-76.7	-96.4	-115.8
Sport staff expenses	-664.8	-615.5	-628.3	-617.5	-764.4
Expenses of registrable sport staff in the PFL	-623.5	-567.7	-571.6	-555.1	-693.3
Expenses of non-registrable sports staff in the PFL	-41.3	-47.7	-57.4	-62.4	-71.1
Other operating expenses (-)	-232.4	-230.5	-255.9	-273.4	-316.4
Amortisations (-)	-217.6	-171.1	-135.4	-159.0	-209.9
Amortisation of transfer rights of registrable players in the PFL	-185.8	-140.9	-105.6	-122.0	-167.9
Amortisation of transfer rights of non-registrable players in the PFL	-0.9	-3.0	-1.5	-1.8	-3.9
Other amortisations	-31.0	-27.2	-28.3	-35.2	-38.1
Allocation of subsidies for non-financial assets and others (+)	9.8	10.2	10.8	15.3	17.6
Excess provisions (+) / (-)	6.7	0.8	0.7	1.0	0.6
Impairment and profit/losses on disposals (+) / (-)	97.9	226.6	162.6	217.4	223.9
Profit from player transfers	158.6	224.8	215.0	268.2	251.3
Losses from player transfers	-25.7	-14.8	-26.0	-20.2	-24.2
Profit from fixed assets and exceptional income	20.5	38.4	50.8	12.6	2.1
Losses from fixed assets and exceptional expenses	-55.6	-21.8	-77.2	-43.5	-5.5
Other results	15.6	-0.6	58.1	-2.8	-68.7
Operating result	-158.4	109.5	126.0	104.5	184.3
Financial income (+)	120.1	7.2	48.1	88.2	12.0
Financial expenses (-)	-69.2	-61.1	-53.5	-66.2	-73.6
Impairment and profit/losses from disposals of financial instruments (+) / (-)	-0.5	-1.3	-0.8	-1.8	-0.6
Financial result	50.4	-55.2	-6.3	20.3	-62.3
Result before taxes	-108.0	54.2	119.7	124.8	122.0
Tax on profits (+) / (-)	18.1	-2.8	-15.7	-22.6	-14.7
Result after taxes	-89.9	51.4	104.1	102.2	107.3



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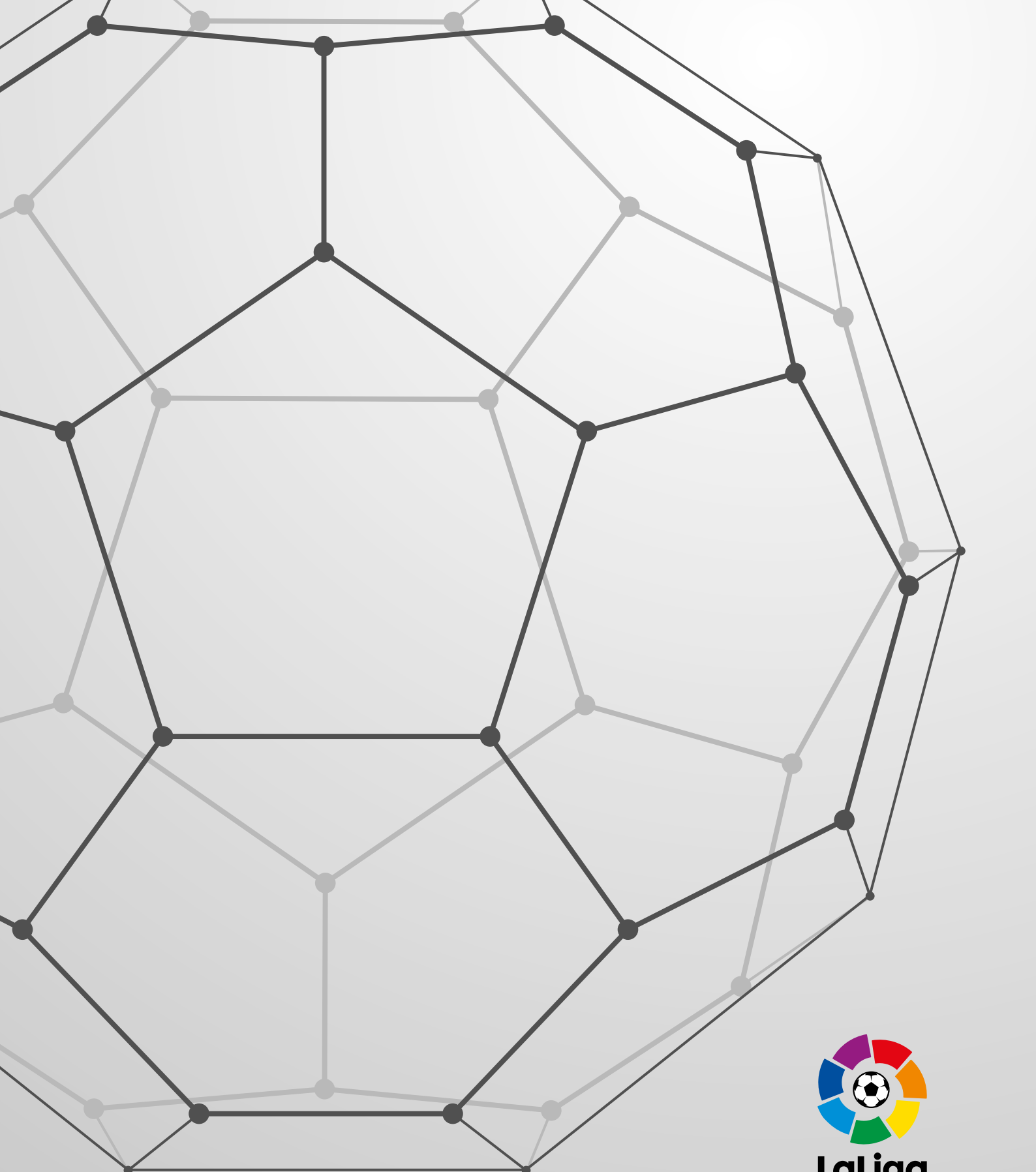
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