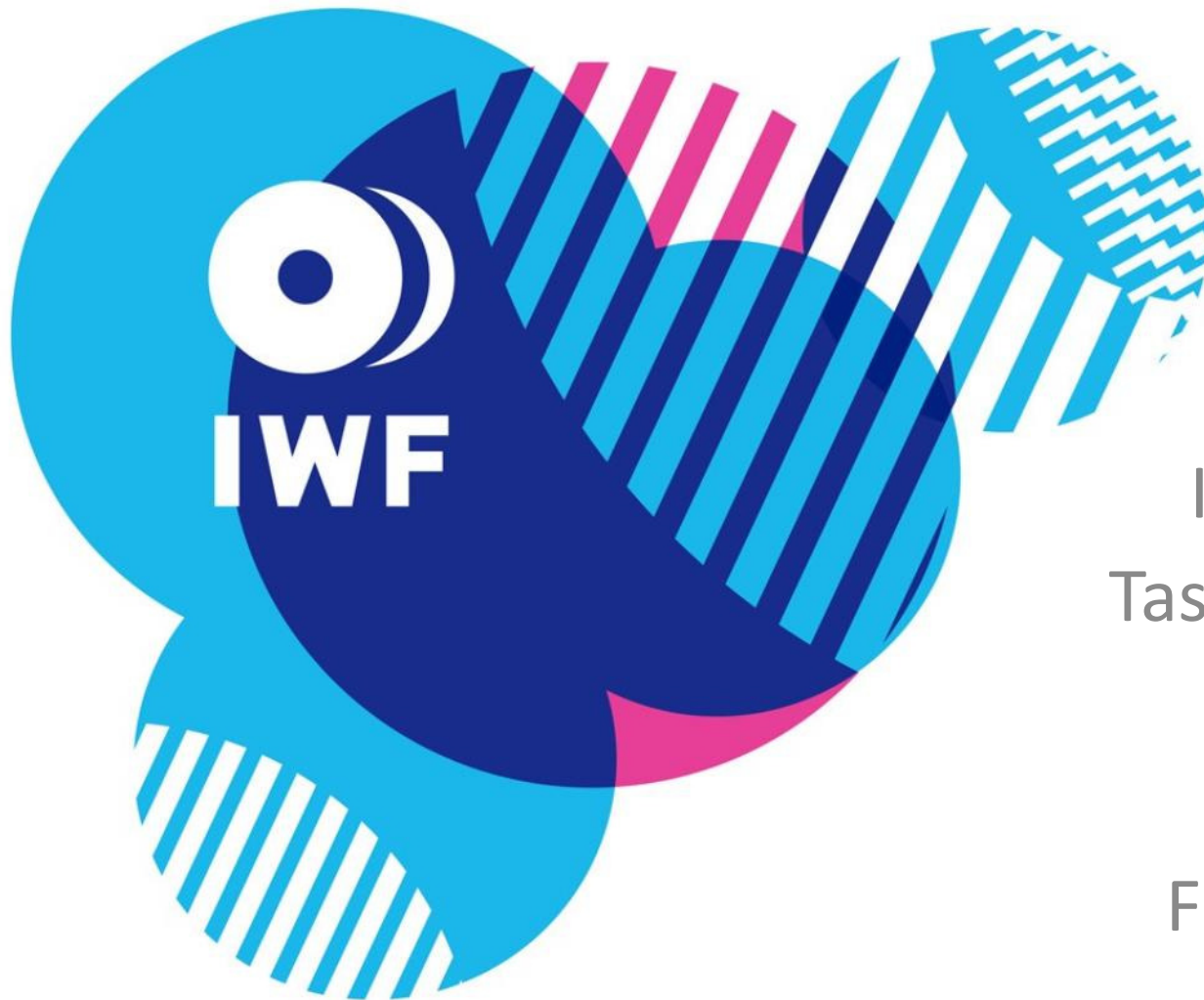


FINANCE REPORT



IWF CONGRESS
Tashkent – July 2018

Alain Siegrist
Financial Advisor

Outlook

- **2017** audited accounts
 - Result better than budgeted thanks to financial revenue
 - Solid financial base
- **2018** update
 - Trend : expenses raising (investment for the promotion and the protection of the sport)
 - Affordable thanks to our financial reserves
- **Mid term view** : more than ever, IWF must have a strong financial background to be able to face its challenges. Today we have it.



Documentation : KPMG audit report with detailed accounts + copy of the presentation

2017 Audited Financial Statements

Balance Sheet - summarised



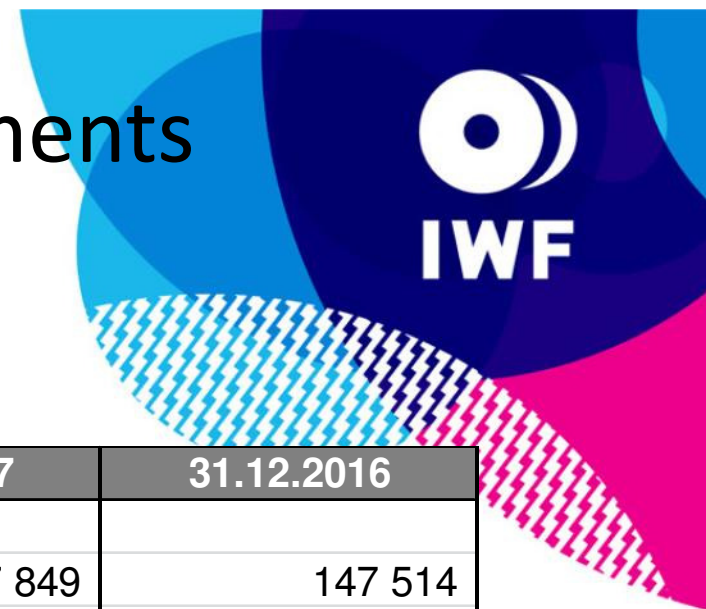
Balance Sheet (kUSD)	2017	2016
Current assets	2 919	2 629
Non-current assets	34 636	35 492
Total assets	37 555	38 120
Liabilities	1 518	542
Equity	36 037	37 578
Total liabilities & equity	37 555	38 120

In a nutshell :

- Very stable and solid financial situation
- Almost no debts, only current open invoices
- Financial reserves stabilised at high level

2017 Audited Financial Statements

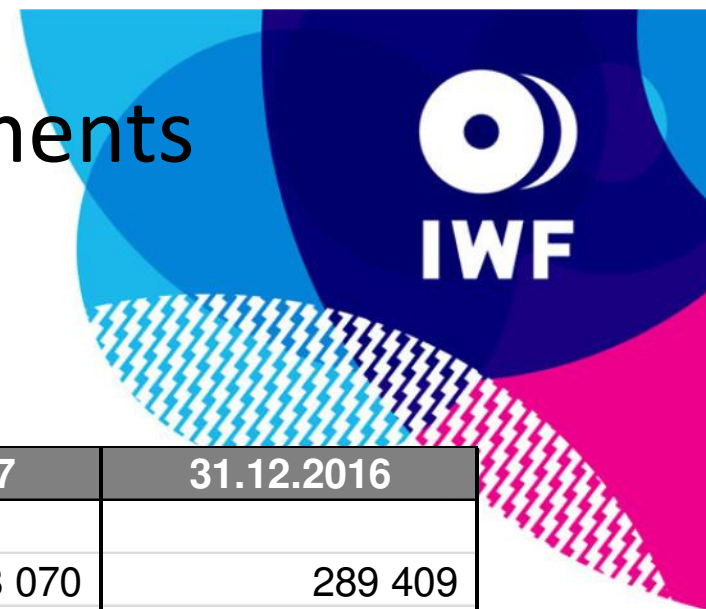
Balance Sheet - detailed



ASSETS	31.12.2017	31.12.2016
Current assets		
Petty cash	27 849	147 514
Cash at bank	2 146 920	2 136 022
Short term deposits	-	-
- Membership fees	-	13 500
- Anti-doping fines	628 121	279 500
- Sponsors (barbell companies)	100 000	40 000
- National Federations	5 024	12 122
- Other related parties	11 362	
Total current assets	2 919 276	2 628 658
Non-current assets		
Marketable securities	34 591 428	35 447 054
Deposits	44 569	44 569
Total non-current assets	34 635 997	35 491 623
Total assets	37 555 273	38 120 281

2017 Audited Financial Statements

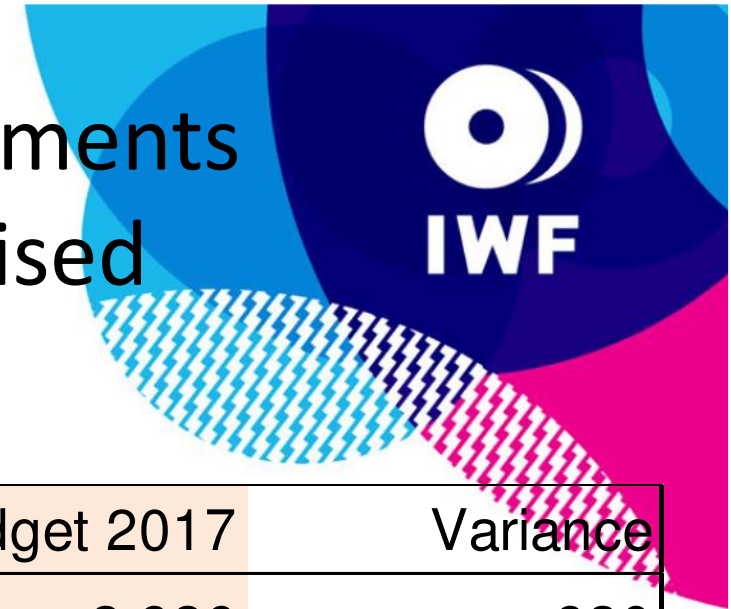
Balance Sheet - detailed



LIABILITIES AND EQUITY	31.12.2017	31.12.2016
Current liabilities		
Account payables - general operations	568 070	289 409
Account payables - development programs	23 042	14 250
Accrued expenses	79 394	83 700
Advances received	113 716	-
Deferred revenue	584 000	5 000
Provision	150 000	150 000
Total current liabilities	1 518 222	542 359
Equity (unrestricted funds)		
Special reserve (strategic)	20 000 000	-
Net excess of -expenditure/income for the year	-1 540 871	13 501 209
Unrestricted funds brought forward	17 577 922	24 076 713
Total equity	36 037 051	37 577 922
Total liabilities and equity	37 555 273	38 120 281

2017 Audited Financial Statements

Income statement - summarised



<i>kUSD</i>	Audited 2017	Budget 2017	Variance
Revenues	3 856	2 926	+ 930
Expenses	-7 616	-6 660	- 956
Financial result	2 219	-30	+ 2 249
Net result	-1 541	-3 764	+ 2 223

In a nutshell :

- For the first time since x years, expenses are higher than budgeted...
 - ...but it has been compensated by additional revenue
- Thanks to very nice financial performance, net result is much better than expected (loss reduced by 60 %)

2017 Income Statement – detailed

Revenue increasing by 32% vs budget



REVENUE	Audited 2017 Budget 2017		Variance		Audited 2016
			Audited vs Budget 2017		
TV AND MARKETING RIGHTS	980 377	1 250 000	- 269 623	-22%	1 934 117
IOC REVENUES	1 915 558	1 270 000	+ 645 558	+51%	15 457 258
REIMB. OF ADVANCED COSTS	270 218	30 000	+ 240 218	+801%	405 572
ANTI-DOPING REVENUES	445 508	167 500	+ 278 008	+166%	901 933
OTHERS	243 976	208 500	+ 35 476	+17%	316 012
TOTAL	3 855 637	2 926 000	+ 929 637	+32%	19 014 892

2017 Revenue - comments

WC Anaheim (- 330kUSD vs budget) :

- Net result is negative for IWF – production costs higher than marketing and TV revenue

Barbell companies (+ 145kUSD vs budget) :

- Re-negotiation of the license fee, increased from 80 to 100k/year for the manufacturers

IOC revenue (+ 712 kUSD vs budget) :

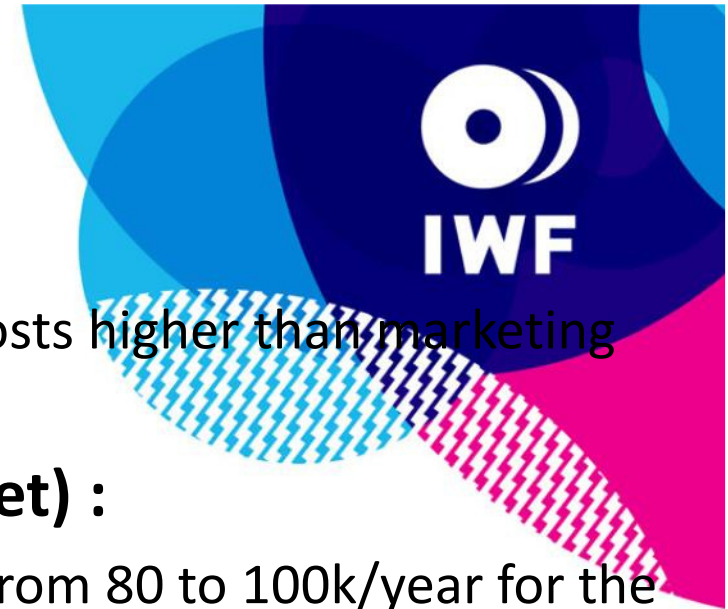
- Last instalment IWF rights Rio 2016 higher than the (conservative) budget

Reimbursement of advanced costs (+ 240 kUSD vs budget):

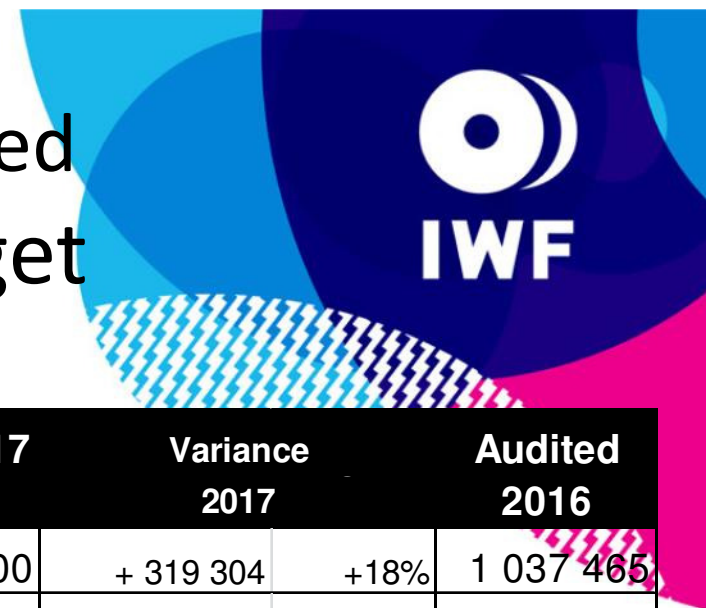
- Mainly due to Asian Indoor Games Ashkabat (compensation of costs)

AD revenue (+ 278 kUSD vs budget) :

- IWF budget policy : no AD fines budgeted



2017 Income Statement – detailed Expenses + 956kUSD vs budget

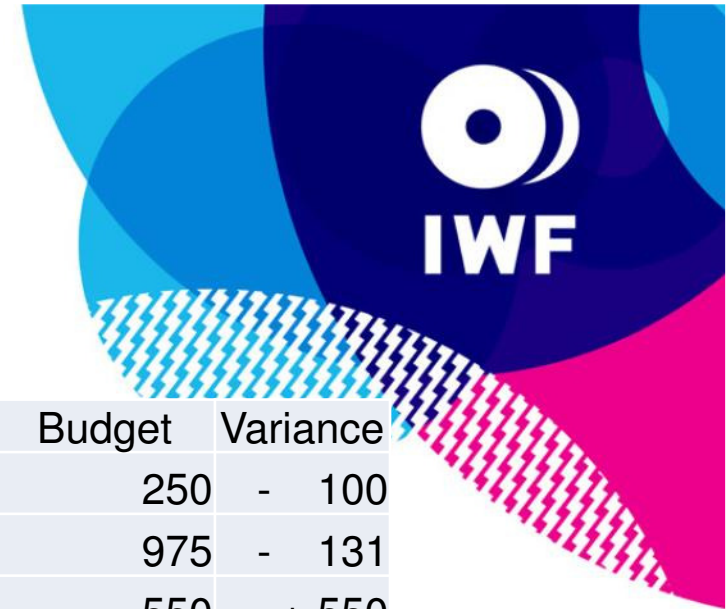


EXPENSES	Audited 2017	Budget 2017	Variance 2017		Audited 2016
DEVELOPMENT & EDUCATION	1 455 696	1 775 000	+ 319 304	+18%	1 037 465
MEETINGS	962 297	430 000	- 532 297	-124%	330 460
COSTS OF COMPETITIONS	598 698	200 000	- 398 698	-199%	1 173 617
ANTI-DOPING ACTIVITY	1 282 032	1 000 000	- 282 032	-28%	703 834
PUBLICATIONS / PR	141 674	350 000	+ 208 326	+60%	40 839
CONTRIB. TO IWF OFFICIALS	898 158	600 000	- 298 158	-50%	575 000
SECRETARIAT - BUD	718 406	1 100 000	+ 381 594	+35%	761 120
SECRETARIAT - LSN	622 879	610 000	- 12 879	-2%	222 868
GS OFFICE	167 183	150 000	- 17 183	-11%	143 844
LEGAL & ADMIN. ASSISTANCE	502 452	220 000	- 282 452	-128%	114 378
IWF MARKETING	99 721	60 000	- 39 721	-66%	41 750
OTHERS	166 541	165 000	- 1 541	-1%	123 255
TOTAL	7 615 737	6 660 000	- 955 737	-14%	5 268 430

2017 Expenses - comments

Development and Education

(+319kUSD vs budget)



	Actual	Budget	Variance
Financial support to Continental F.	350	250	- 100
Contribution to projects (MF, RF, CF)	1 106	975	- 131
IWF special projects	0	550	+ 550
Total	1 456	1 775	+ 319

- Actually, IWF distributed more than the budget and much more than during the previous years to its members (2017 : 1'456 vs 2016 : 1'035 = + 40%)
- The 0 expenses for the IWF special projects is misleading : actually we spent at least the amount budgeted (550kUSD) to improve the image and reputation of the sport. It was our/your main activity during the year, and the costs are disseminated in the specific entries of the P&L (anti-doping, special commissions, legal, PR, communication, marketing, etc.)
- The Internal Federation is spending huge efforts and a lot of money for the image of the WL sport, it is CF and MF's role to leverage in their regions

2017 Expenses - comments

Meetings (- 532kUSD vs budget) :

- Travel and accommodation costs for the delegates to the electoral congress in Bangkok (not budgeted)

Competition (- 399kUSD vs budget) :

- WC Anaheim extra costs (incl. media coverage) : + 184k
- Asian Indoor Games : + 166k (reimbursed)

AD activities (- 282kUSD vs budget) :

- More controls/analysis, special program suspended MF, more education, etc.

Contribution to IWF officials (- 298 kUSD vs budget) :

- New compensation model approved by the EB, overlap elections

Legal and admin. assistance (- 282 kUSD vs budget) :

- Legal costs linked to doping cases, organisation and supervisio of the elections, special commissions (clean sport)

Administration of the IWF (BUD/LSN/AST) :

- Globally well below budget, hiring postponed in BP, partial compensation of the extra costs above



2017 Audited Financial Statements

Surplus of expenses 1'540kUSD vs
Budget 3'764 kUSD



SUMMARY	Audited 2017 Budget 2017		Variance		Audited 2016
			Audited vs Budget 2017		
TOTAL REVENUES	3 855 637	2 926 000	+ 929 637	+32%	19 014 892
TOTAL EXPENSES	-7 615 737	-6 660 000	- 955 737	+14%	-5 268 430
OPERATING RESULT	-3 760 100	-3 734 000	- 26 100	+1%	13 746 462
FINANCIAL PROFIT/-LOSS	2 219 229	-30 000	2 249 229	+7497%	-245 253
NET RESULT	-1 540 871	-3 764 000	+ 2 223 129	+59%	13 501 209

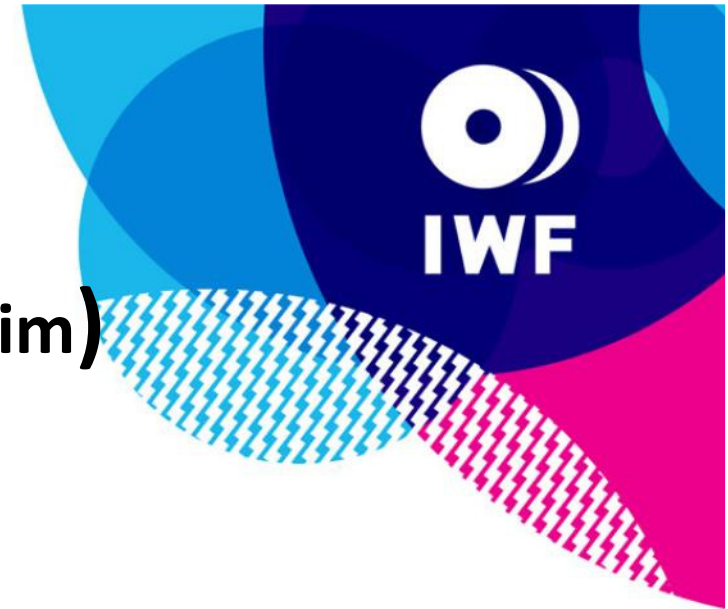
2018 Budget

Reminder (approved by EB in Anaheim)

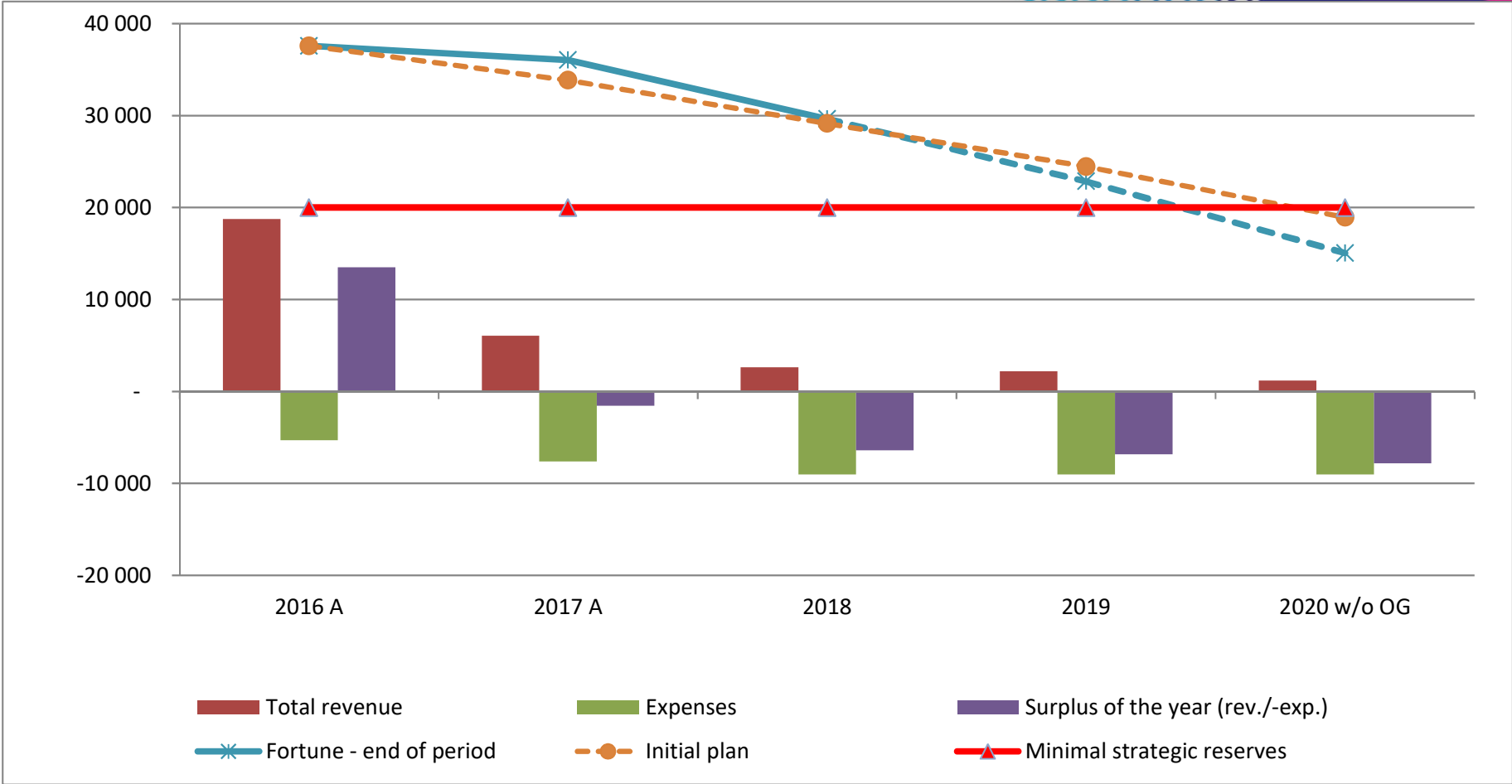
<i>kUSD</i>	Budget 2018
Revenues	2 641
Expenses	-8 510
Financial result	-26
Net result	-5 895

Update

- WC revenue (net) should be slightly higher than budgeted
- AD revenue : budget conservative (incl. 9*50k to pay by the suspended countries)
- AD controls : budget 1'250k (= actual 2017), will be exceeded due the ongoing activities
- Financial result : at end of May 2018 : flat, market again very volatile
- Special commissions, communication, PR : non budgeted expenses to support
- **Bottom line : we may spend a little more than budgeted and close the year with a “loss” equal or slightly higher than the budget**



2017-2020 Financial planning



Conclusion / recommendation

Financial reserve strategy :

Maintain and secure a conservative financial management approach to ensure the continuity of the development – more than ever, we see that the IWF needs a strong financial base

Professionalisation and reinforcement of the key functions :

- Marketing, RP, communication -> increase value and reputation of the sport
- Development, competition -> globalisation, modernisation of the sport
- Legal, anti-doping : stay on the top, afford increasing complexity
- Management, secretariat : support the growth, presence LSN/IOC, network
- Finance and controlling : expense budget is exploding, to be carefully managed and monitored; more analytics will also help to support the communication

Harmonisation and coordination of activities with the MF and CF :

On the one hand, IWF should invest more into global projects, managed at the IF level. On the other hand, IWF actions will succeed only if the MF and CF are taking over and spreading the projects/ideas/activities into their regions and countries



Thank you for your attention !

