



RIPE NCC
RIPE NETWORK COORDINATION CENTRE

RIPE NCC Financial Update

Gwen van Berne
CFO
RIPE NCC

RIPE NCC General Meeting | 28 October 2020

Agenda



- Financial Update
 - Financial Performance
 - Membership Development
 - P&L
 - Average Cost per LIR
 - Payment Behaviour during COVID-19
- Financial Surplus 2020
- Activity and Budget Plan 2021

Our Financial Strategy



- Not-for-profit funding model
- Our funding strategy aims to generate sufficient income so that we can fulfil our obligations in a stable, predictable manner
- Authorised spending in line with established mandate
- Transparent reporting:
 - Efficiency gains
 - Average cost per LIR
 - Risk appetite RIPE NCC
- Equality between members in current Charging Scheme reinforces simplicity and predictability



Financial Update

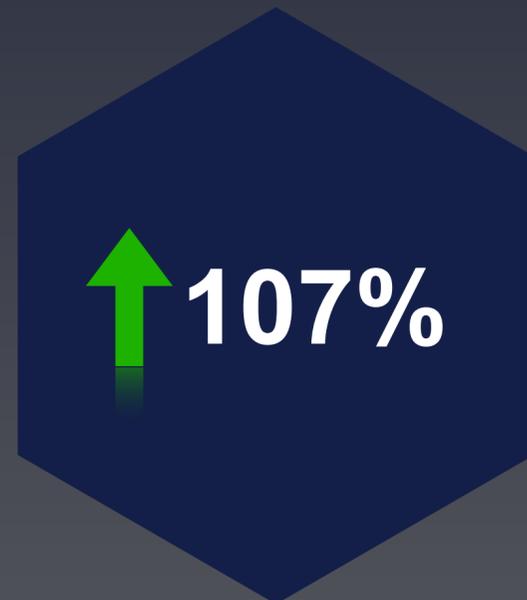
Financial Performance



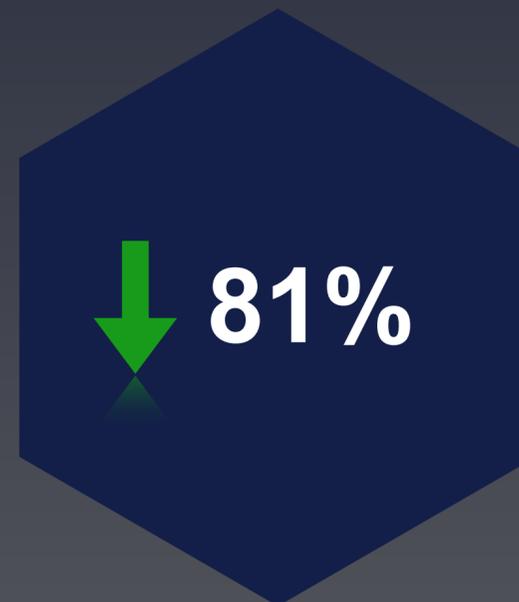
- Compared to our 2020 budget*

(*2020 budget = 100%)

Income



Costs



LIRs



Financial Performance Indicators



	FY 2020 FORECAST	FY 2019 ACTUALS
Income (in million EUR)	39.9	40.2
Expenses (in million EUR)	27.8	32.1
Redistribution of member fees (in million EUR)	12.1	8.1
Average redistribution per LIR (EUR)	508	326
Number of LIRs	23,800	25,125
Average Cost per LIR (EUR)	1,169	1,278

Balance Sheet

EUR K



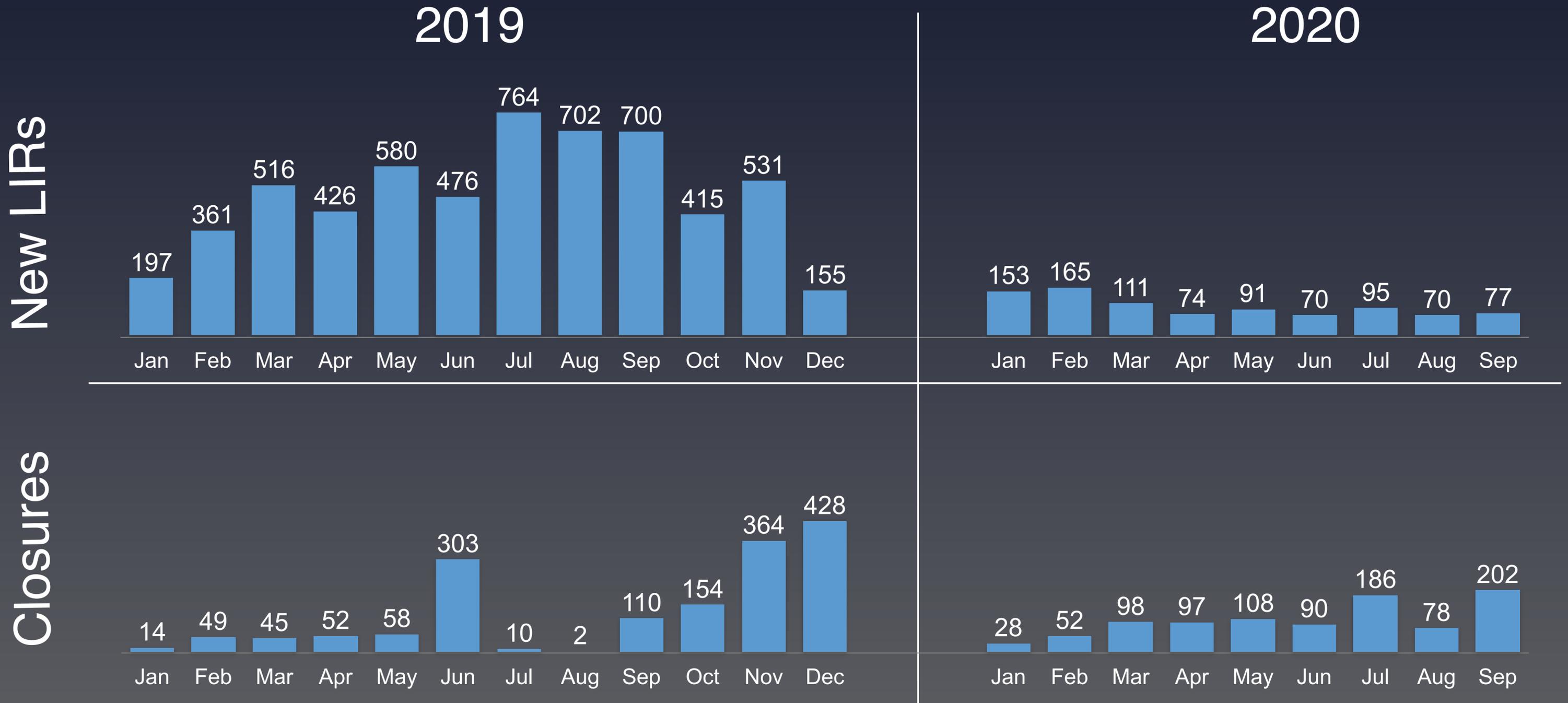
Assets	2019	2018	2017	2016
Tangible Fixed Assets	2,935	3,299	3,689	3,735
Financial Fixed Assets	12,975	13,305	14,039	10,444
Cash on hand	30,689	22,531	16,012	17,858
Miscellaneous Receivable	1,683	1,543	2,123	2,091
Total Assets	48,282	40,678	35,863	34,128
Capital and Liabilities				
Clearing House	25,460	25,215	25,389	25,064
Surplus / Deficit	6,774	245	(173)	325
Capital	32,234	25,460	25,216	25,389
Redistribution of members' fees	8,365	11,035	6,196	4,306
Other Current Liabilities	7,683	4,182	4,451	4,433
Current Liabilities	16,048	15,217	10,647	8,739
Capital & Liabilities	48,282	40,678	35,863	34,128

Membership Development

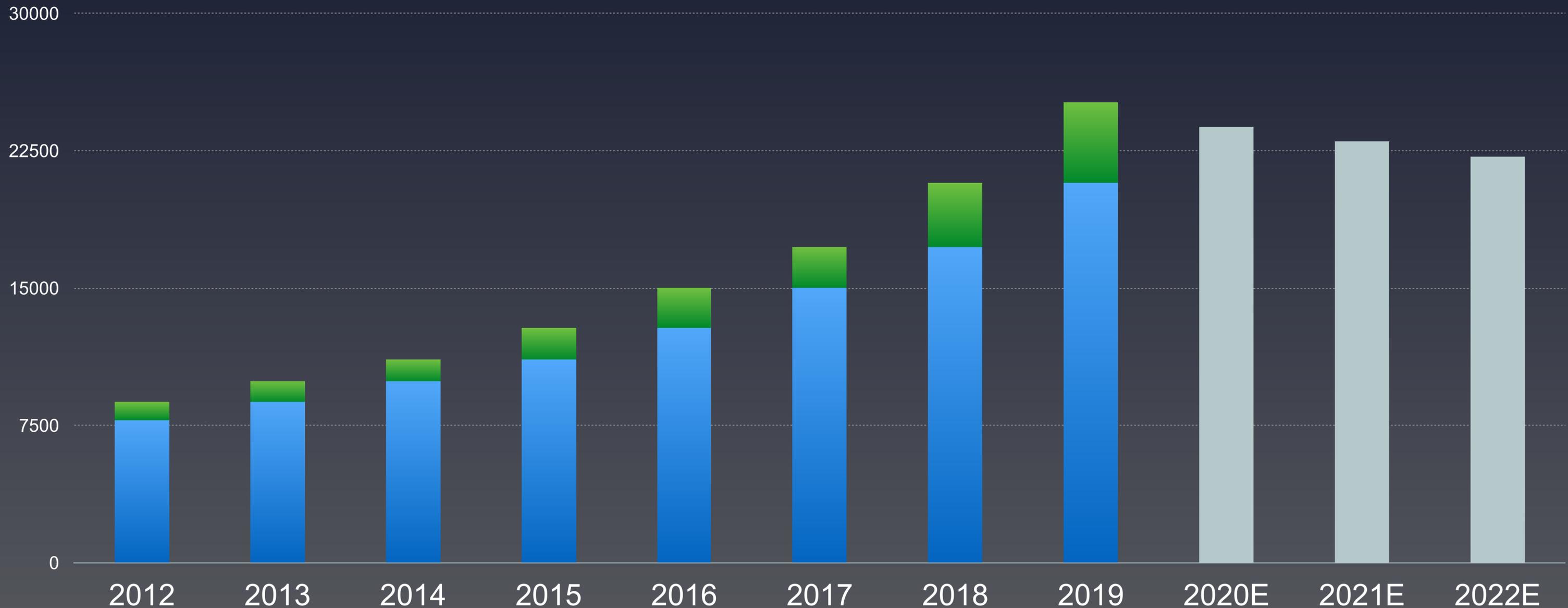


- In 2020 the number of closed LIRs outweighs the number of new LIRs for the first time in years
- This is due to LIR consolidation triggered by the IPv4 run out
- We expect the number of LIRs that will close in 2021-2022 to be around 2,000 to 3,000 per year
- This will expose roughly seven million in income
- We will propose revised charging schemes at next GMs

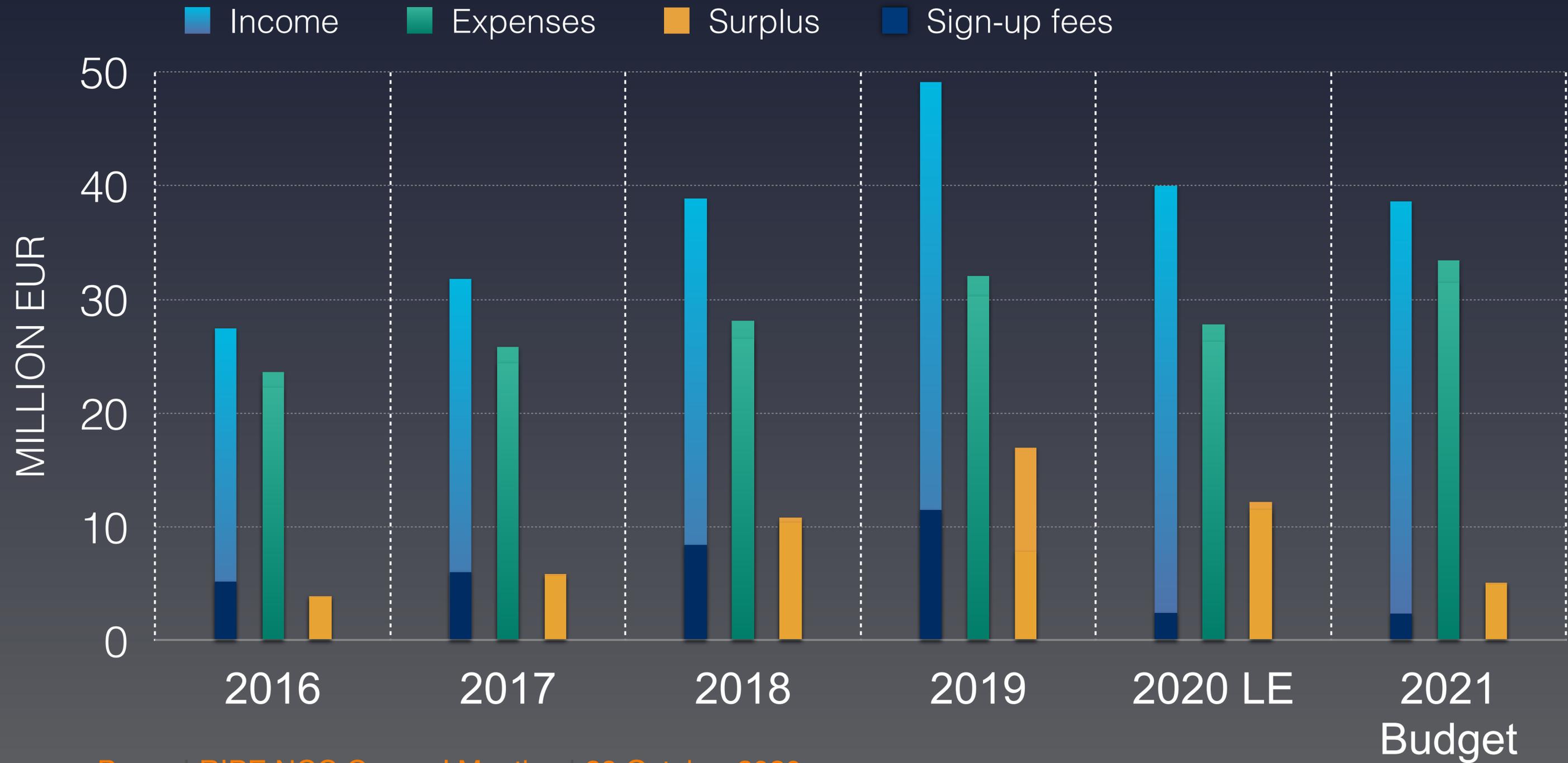
LIR Growth and Closures (actuals)



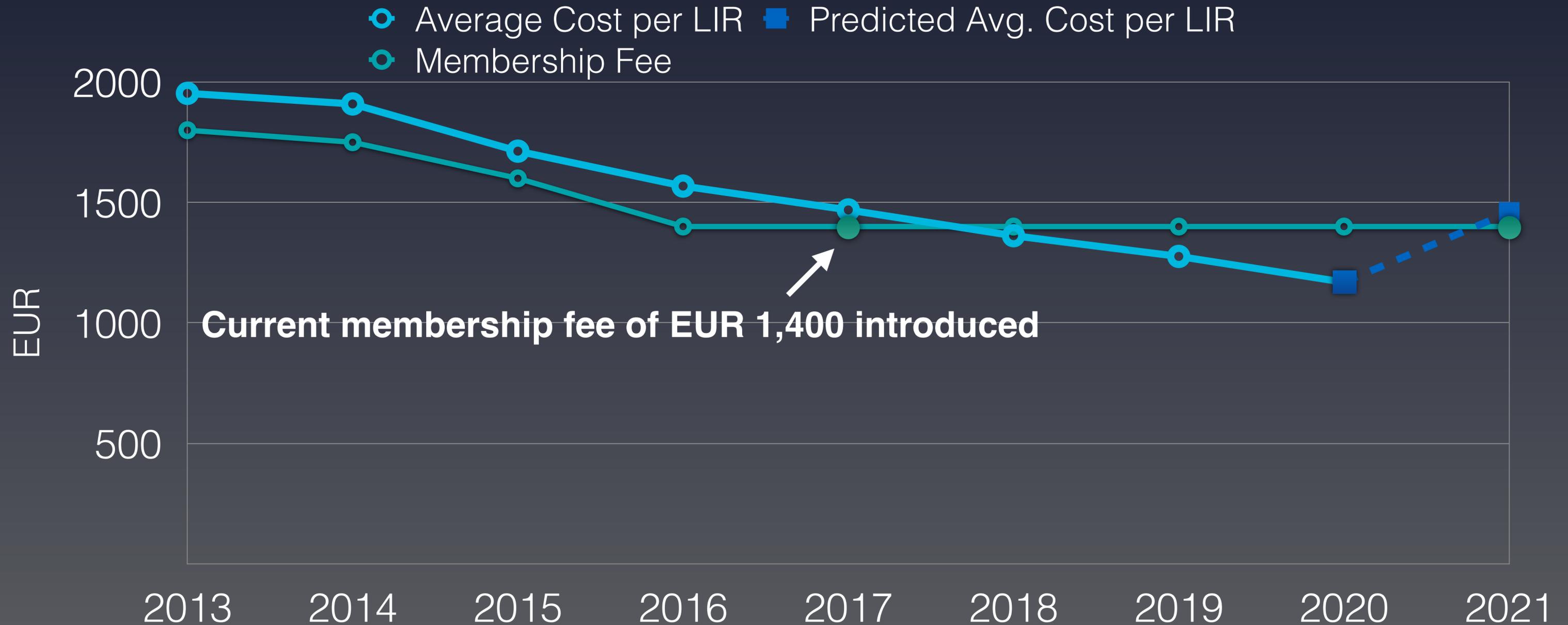
LIR Development Forecast



P&L EUR M



Average Cost per LIR



Payment Behaviour during COVID-19



	2018	2019	2020
Payment on time (<30d payment term)	57%	66%	56%
Payment during COVID-19 extension	N/A	N/A	26%
Payment after reminders before final closure	42%	33%	17%
Closure of members	0.9%	0.8%	0.8%



Redistribution of the RIPE NCC Surplus 2020

Redistribution



- Since 2015, the GM decides on what to do with the RIPE NCC fiscal surplus. There are two options:
 - Return the excess paid contributions (the fiscal surplus) to the RIPE NCC members.
 - Accumulate the surplus in the Clearing House reserve. We pay corporate income tax of around 25% over income added to these reserves.

Voting



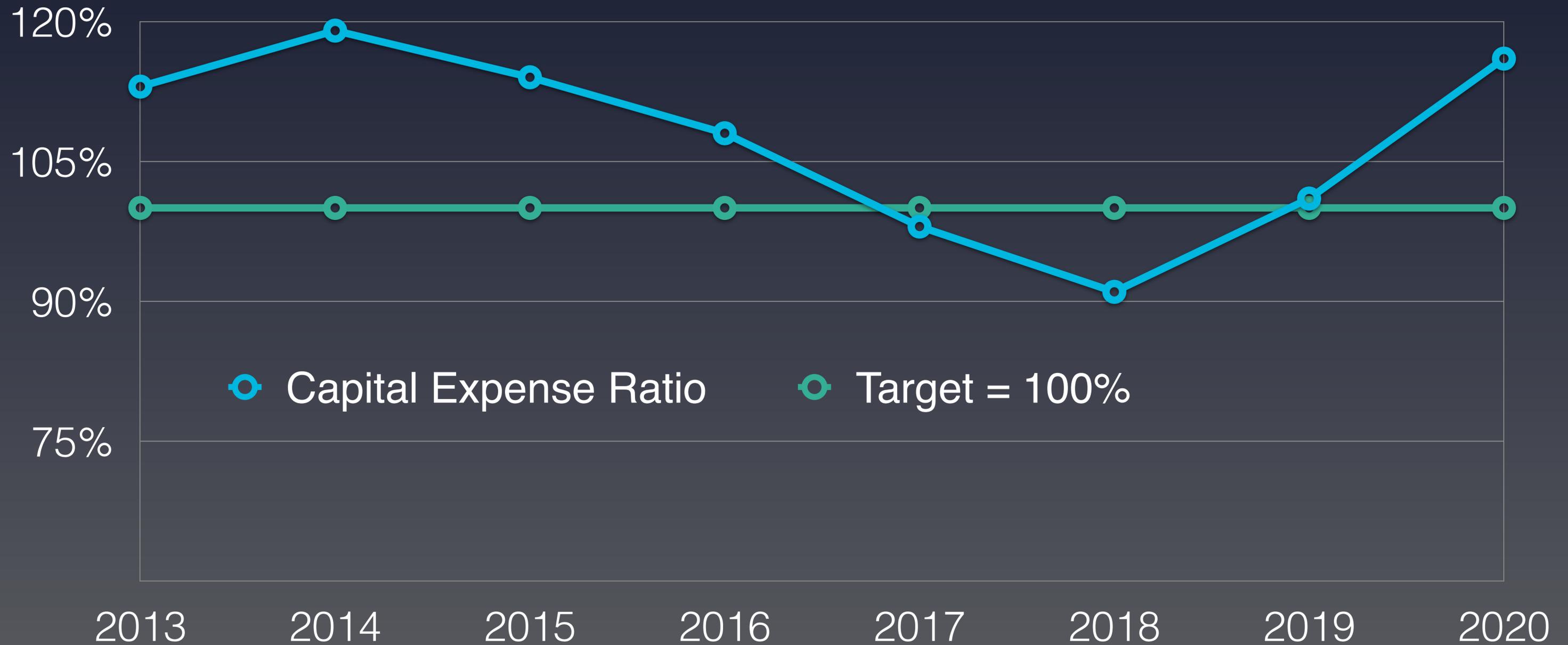
- At this GM, the Executive Board is proposing to redistribute the RIPE NCC's 2020 financial surplus
- If this option is not approved, the total 2020 financial surplus will be added to our capital reserves, according to the existing Clearing House Procedure

Rationale



- Current capital position stands at EUR 32.2 million - our organisation possesses adequate liquidity and is solvent
- Our integrated financial risk management approach uses a target capital expense ratio of 100% as its financial reserve indicator
- Estimated cost for 2020 is EUR 27.8 million, we will end the year with a very healthy financial reserve metric of 116%
- Estimated cost budget for 2021 is EUR 34.4 million, there is no need to build up extra capital looking at our projections
- The estimated surplus available for redistribution for 2020 is EUR 12.1 million, which would amount to a redistribution of approximately EUR 508 per LIR

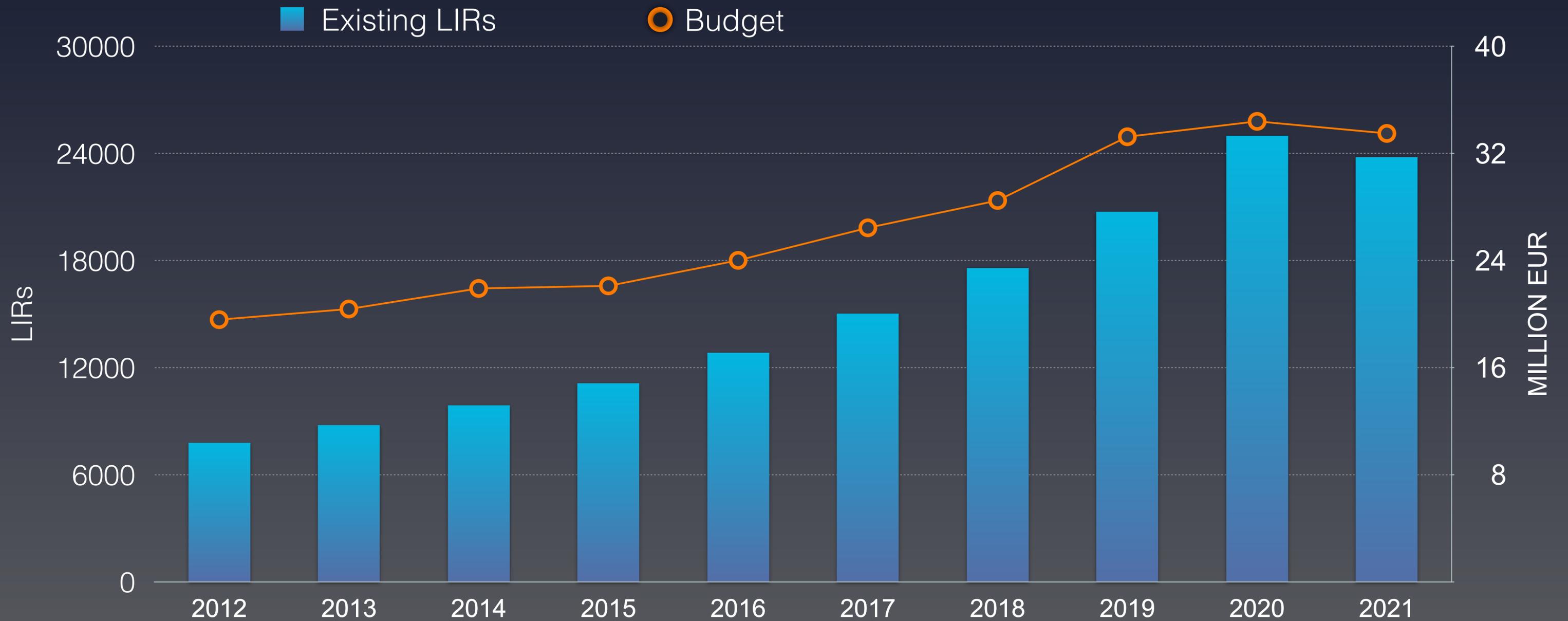
Capital Development



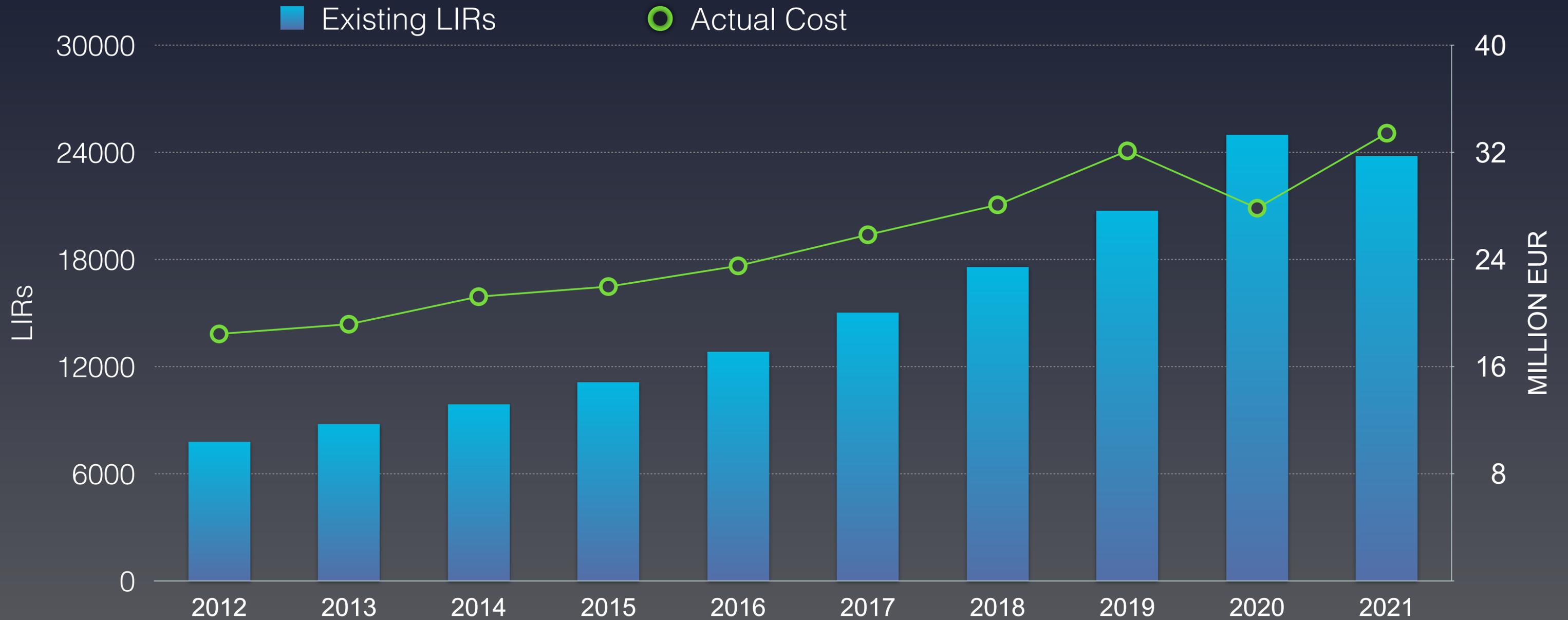


Activity and Budget Plan 2021

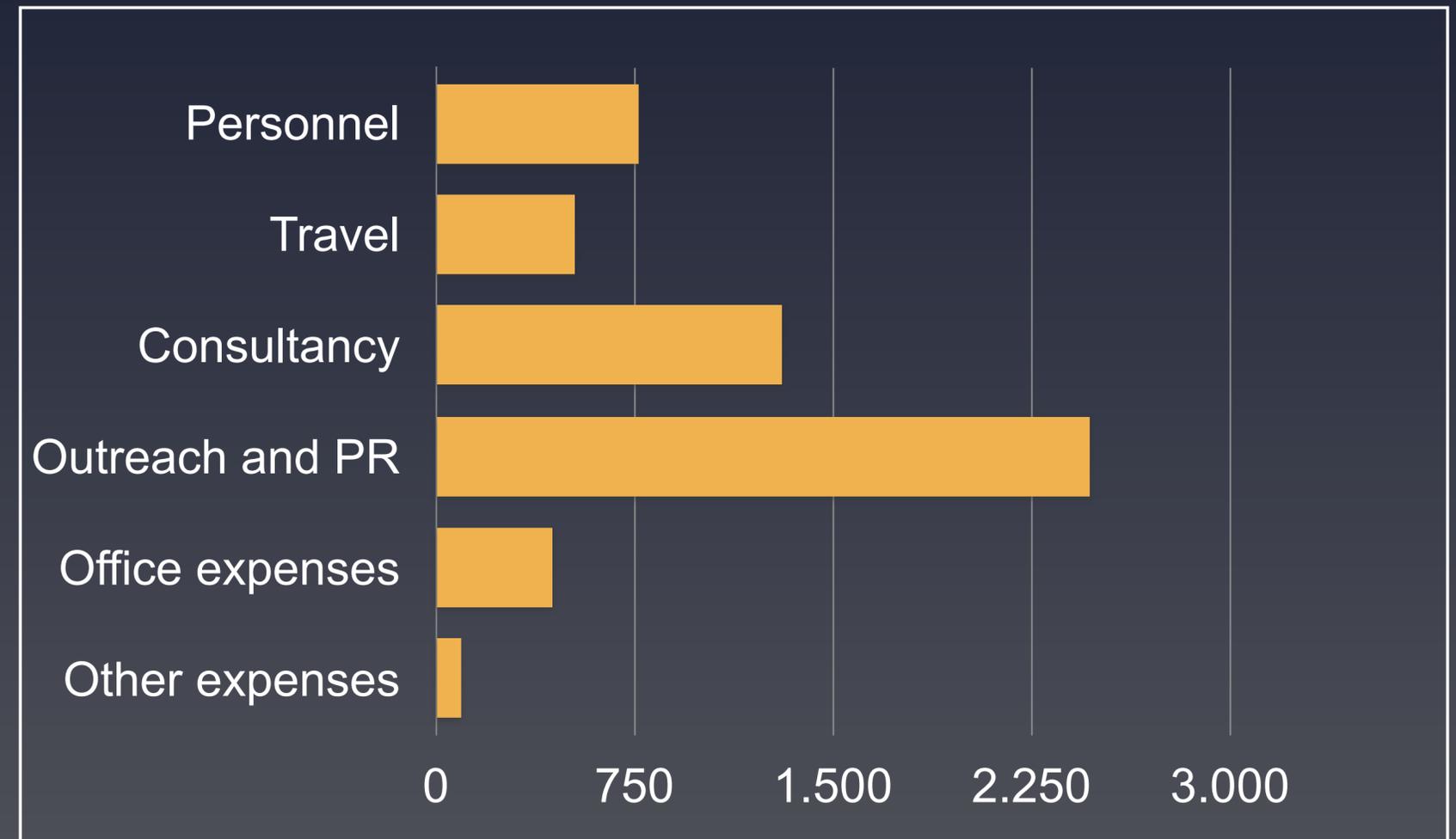
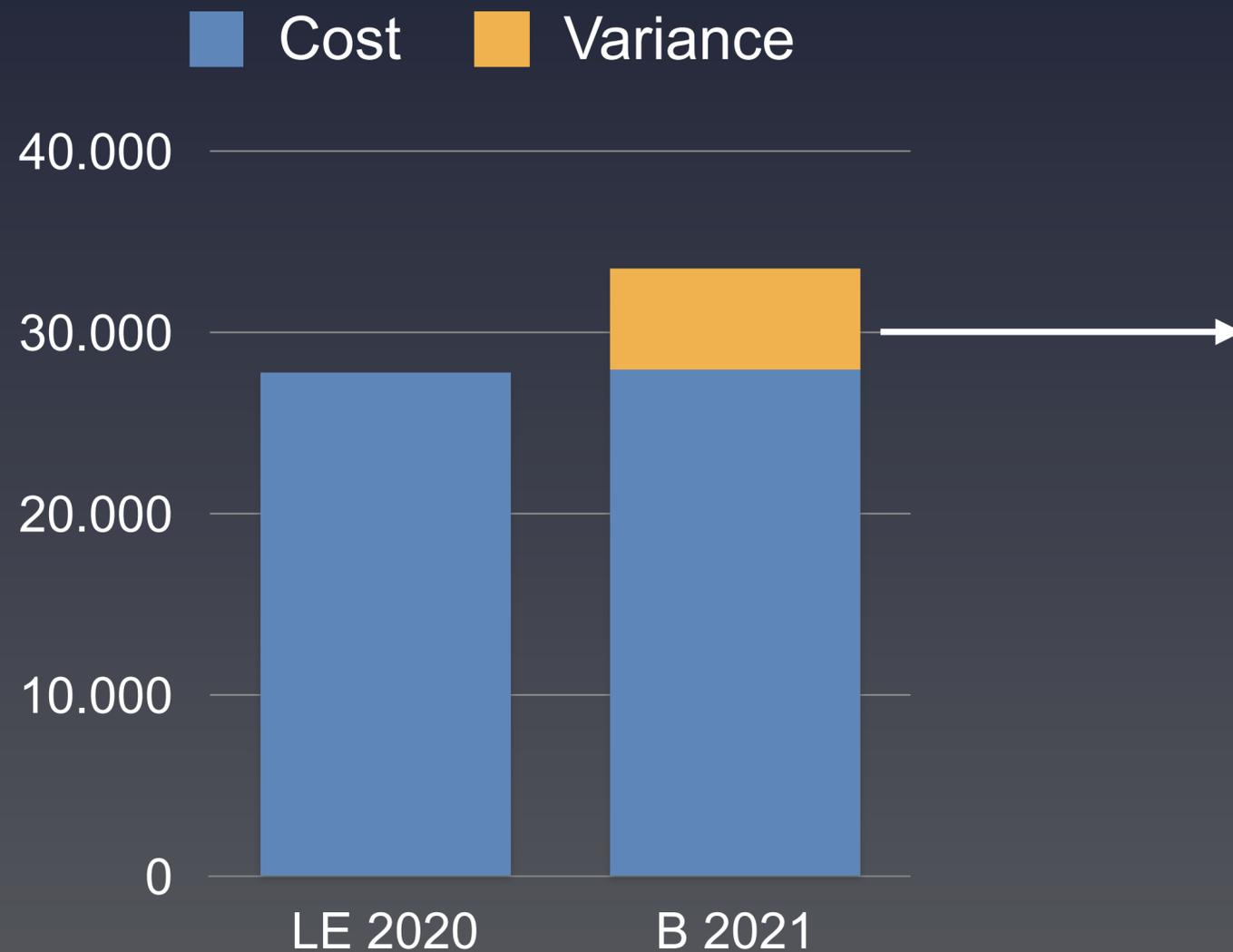
Budget (cost) vs LIR Growth



Actuals (cost) vs LIR Growth



Budget (cost) Variance EUR K



• Total Variance: 5.6 million



Questions



gvanberne@ripe.net