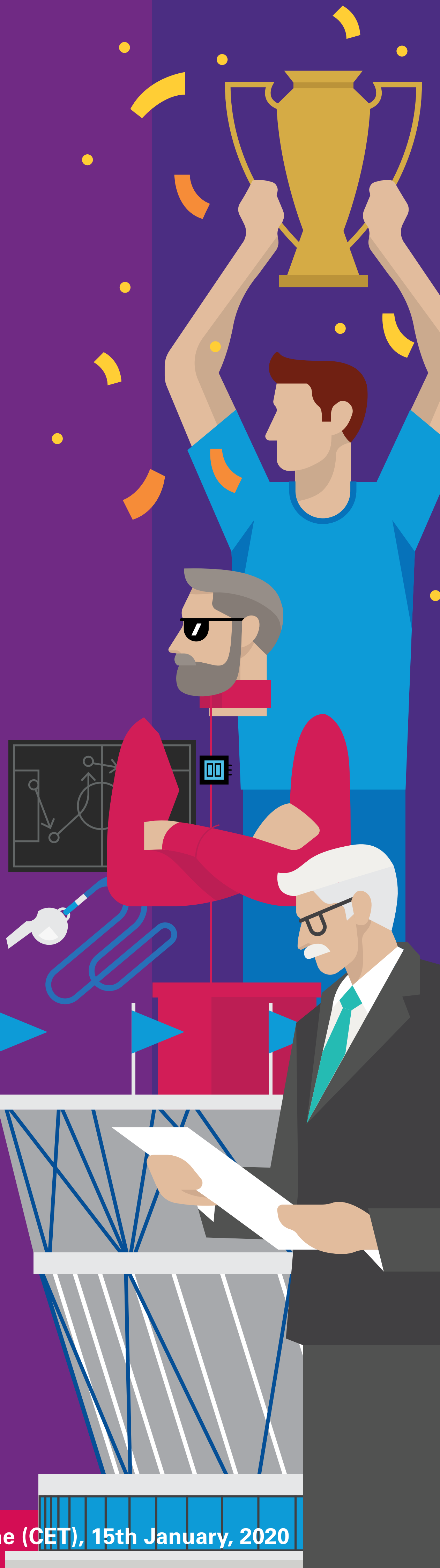
The European Champions Report 2020



January, 2020

KPMG Sports Advisory Practice

footballbenchmark.com

Under Embargo until 00:01 Central European Time (CET), 15th January, 2020

About KPMG Football Benchmark

A business intelligence tool enabling relevant comparison with competitors, including:

Club Finance & Operations

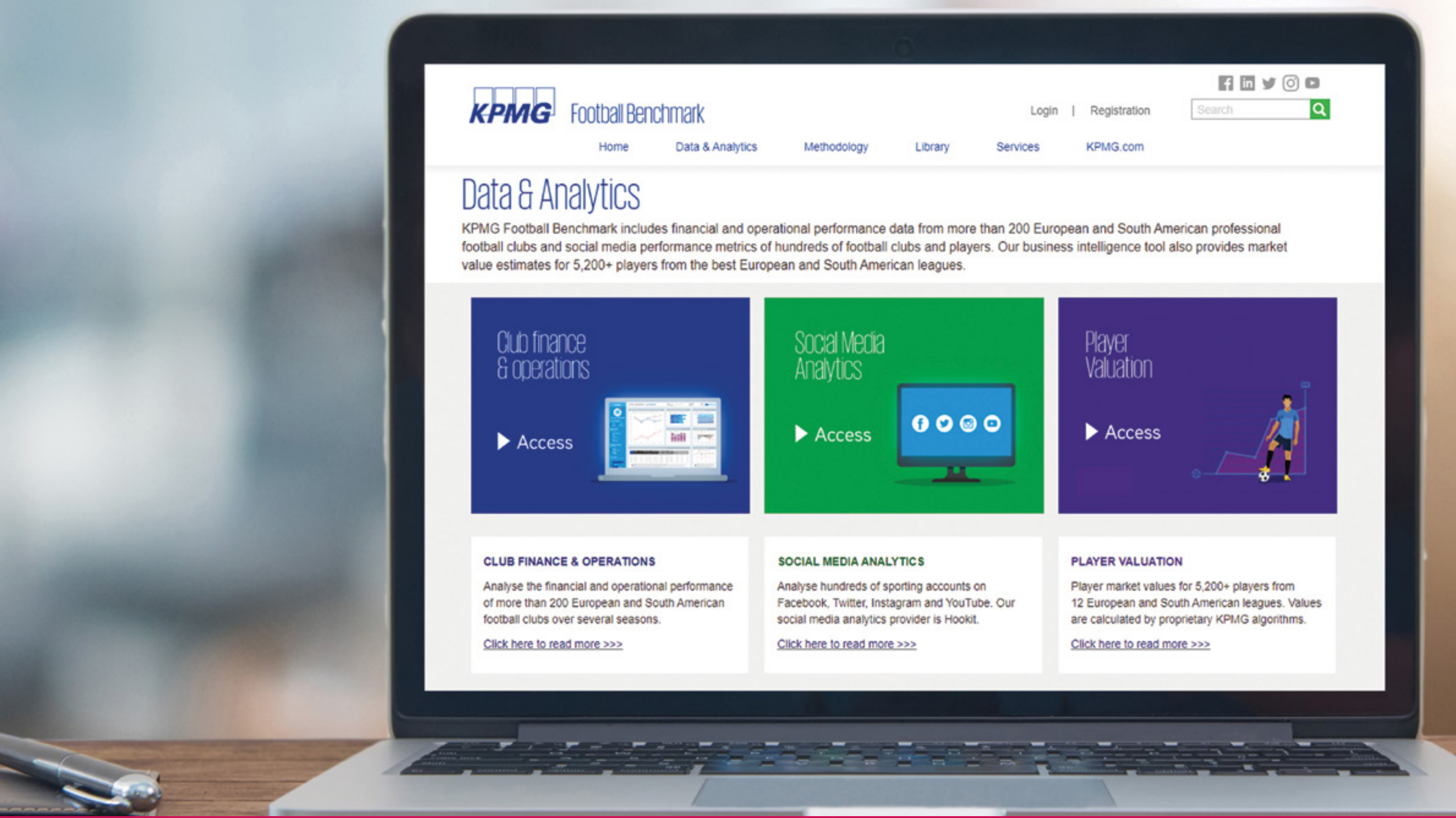
A consolidated and verified database of the financial and operational performance of over 200 football clubs, both in Europe and South America

Social Media Analytics

An updated and historical tracking of the social media activity of 400 football clubs, 300 footballers and 270 competitions and other sporting entities

Player Valuation

A proprietary algorithm, which calculates the market value of 5,200+ football players from ten European and two South American leagues



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Foreword

Andrea Sartori
Partner
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Unlike a year before, when only two clubs from Europe's eight top football leagues could retain their domestic title, **the 2018/19 season has seen six champions – FC Barcelona, FC Bayern München[1], Galatasaray SK, Juventus FC, Manchester City FC and Paris Saint-Germain FC – regain their domestic trophy. The two "newcomers" were AFC Ajax**, who won the Dutch Eredivisie again after 4 years, and **SL Benfica**, winning their 5th Portuguese title in 6 years and regaining the throne from last year's winners, FC Porto.

In the 4th edition of "The European Champions Report", KPMG's Football Benchmark team focuses on the domestic champions of Europe's eight most prominent leagues in the 2018/19 season, reviewing and comparing some of their most relevant business performance indicators to provide perspective on these clubs' future.

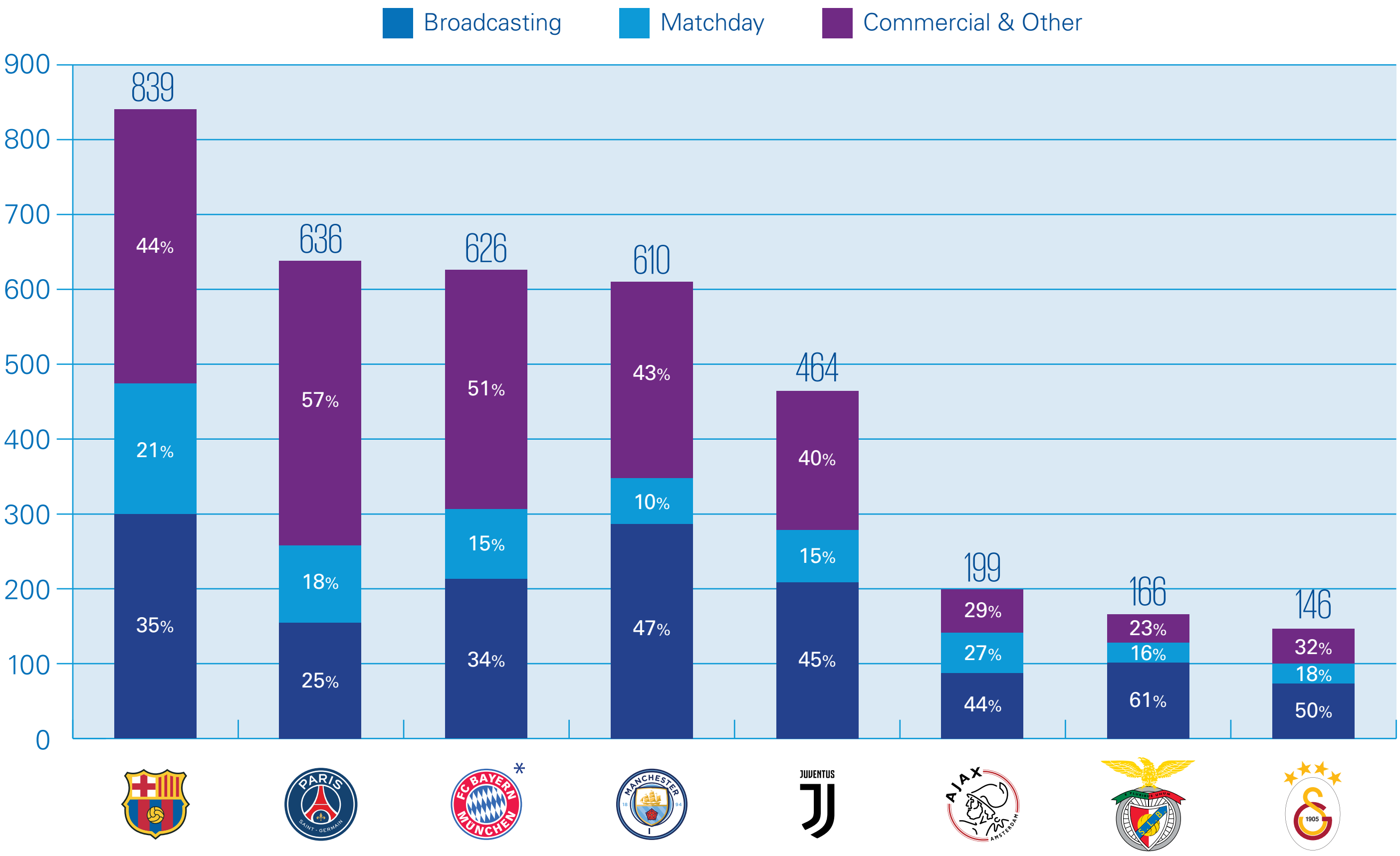
Regarding overall revenues (net of transfer proceeds), **all eight clubs have increased their total income. FC Barcelona have become the champions of the champions, registering a record amount of EUR 839.5M in total operating revenues – and in that regard they have, for the first time, also leapfrogged their historical rivals, Real Madrid CF and Manchester United FC**, although these latter two clubs are not included in this analysis. Paris Saint-Germain FC registered the second highest total income (EUR 636M, a 17% year-on-year growth), while **AFC Ajax showed the highest operating revenue increase of 117%, primarily due to their excellent UEFA Champions League performance**.

The most striking trend for the year has been broadcasting revenues taking the lead as the main driver for overall revenue increase at seven of the eight champions, whereas in the previous season commercial income was the key contributor for growth. **The broadcasting revenue stream benefited from a new, more remunerative UCL distribution cycle that kicked off in 2018/19**: the 3-year cycle, worth altogether EUR 1.976B a year (EUR 564M more annually than the previous one), has been the key factor supporting the growth of all eight champions.

[1] *All data refer to the individual financial statements of FC Bayern München AG. Consolidated data were not available at the date of publication.*

Operating revenues overview (2018/19 season)

Total (in EUR million) and breakdown (in %)



*Note: All data refer to the individual financial statements of FC Bayern München AG. Consolidated data were not available at the date of publication.

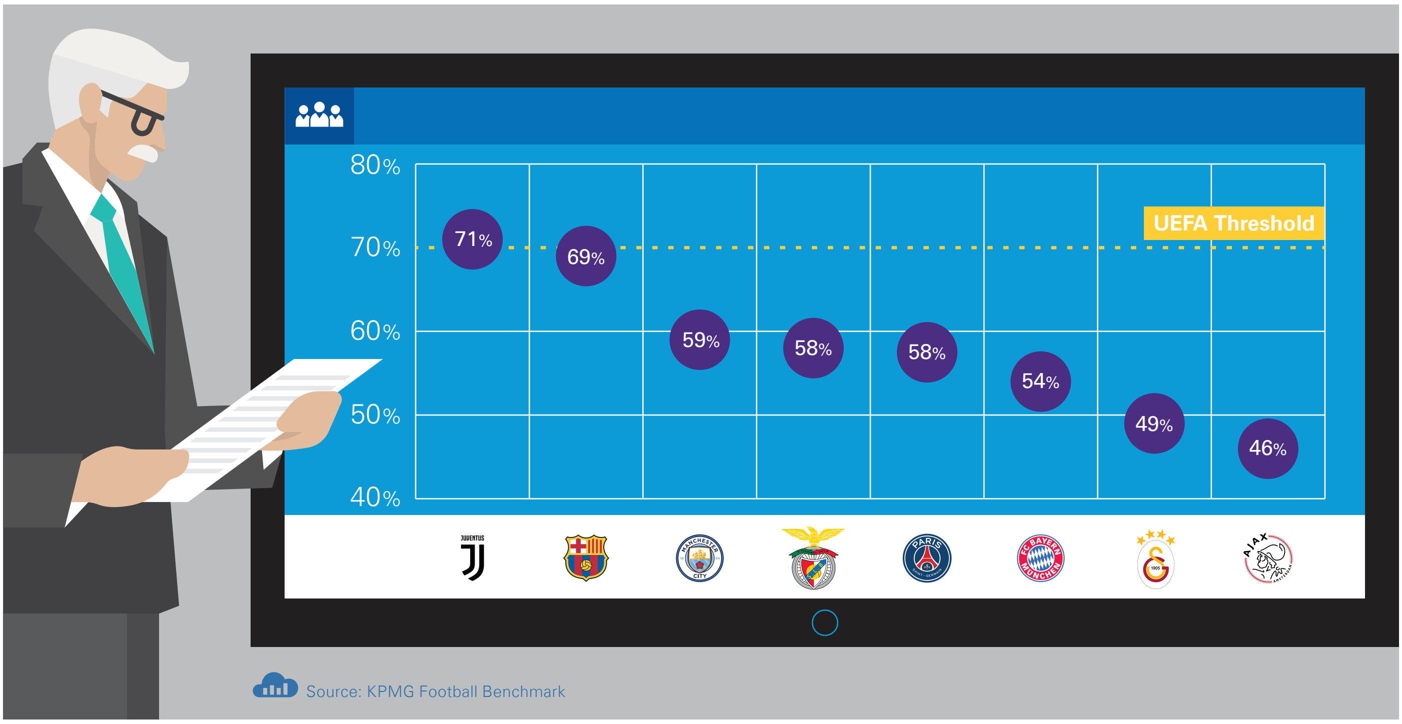
Source: KPMG Football Benchmark

FC Bayern München, for example, received more income from UEFA than in the previous season, despite having played fewer matches due to an earlier elimination. Manchester City FC cashed in about EUR 35M more from UEFA, while the team reached the same stage of the competition as they did in the previous edition. AFC Ajax's spectacular campaign alone resulted in collecting EUR 78M of UEFA revenues, which was also the main driver for more than doubling their operating revenues.

The only exception was Juventus FC: their 30% increase in commercial revenues (the highest growth among the eight champions), impacted mainly by the arrival of Cristiano Ronaldo, surpassed their modest growth in broadcasting revenues, which was also affected by a decrease in domestic TV income due to a new distribution system in place in Serie A. **With UEFA money having such a major impact on top clubs' revenues, it remains to be seen if and how club competition format at a European level will evolve in the next few years, and how such an evolution would shape clubs' fortunes and competitiveness.**

As a further consequence, at five of the eight champions broadcasting has become the income stream with the largest share of total operating revenues, while this was the case for only two clubs in the previous season. Commercial bore the biggest share for three clubs, compared to that being the case for six clubs a year before. **The three clubs where commercial revenues had the biggest impact on their turnover were FC Barcelona, FC Bayern München and Paris Saint-Germain FC**; interestingly, only these three clubs were able to collect over EUR 300M from commercial activities.

Staff costs/Operating revenue ratio (2018/19 season)

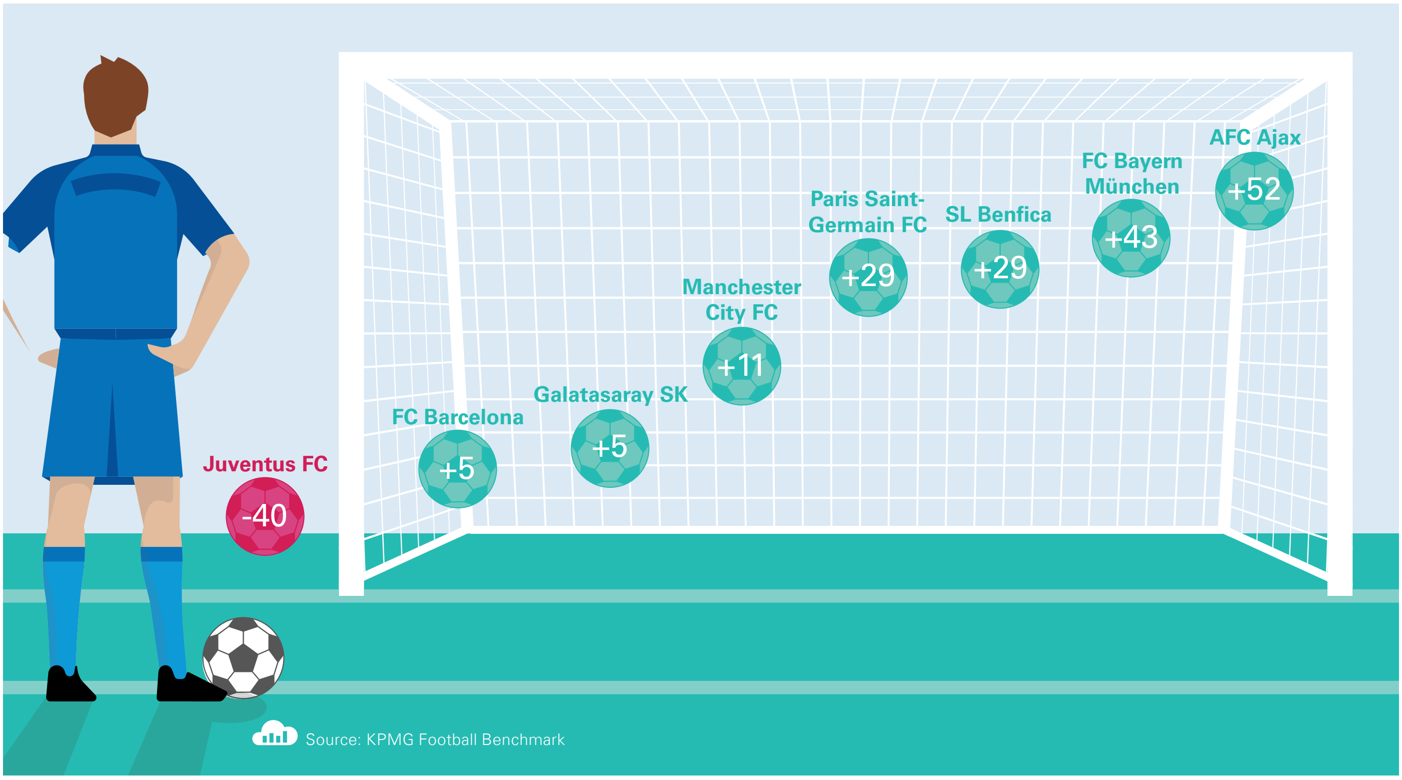


Source: KPMG Football Benchmark

Four clubs have seen a slight increase in their staff costs/operating revenue ratios, but all were able to control costs in line with the 70% threshold, a parameter monitored by UEFA. Most specifically, FC Barcelona managed to decrease their ratio from 81% to 69% in only one season, despite the club having remained the biggest spenders in staff costs among any football club.

It is also remarkable that all clubs managed to register a profit after tax, the only exception being Juventus FC: the *Bianconeri*'s losses increased by EUR 20.7M, a direct consequence of higher staff costs, especially for luring Cristiano Ronaldo to the club.

Profit/Loss after tax ranking (2018/19 season, in EUR million)

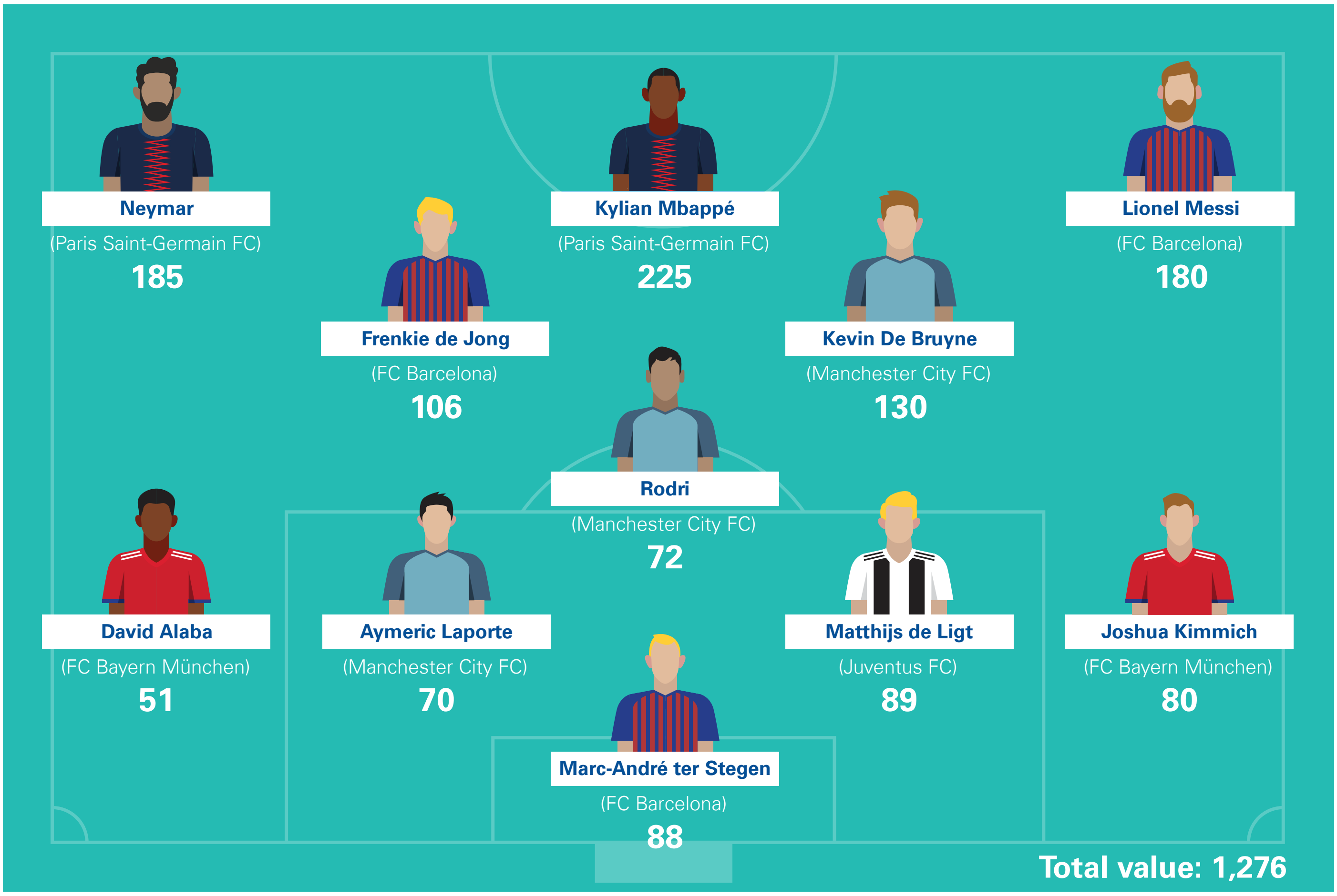


Source: KPMG Football Benchmark

The average squad value of the eight champions is EUR 745M, whereas both FC Barcelona and Manchester City FC are worth over 10 times more than Galatasaray SK. **Although players' transfer fees are seemingly constantly on the increase, the squad values of the eight champions' dream team have slightly decreased over the year by EUR 30M down to EUR 1.28B**, indicating that market values of top players have not undergone an upward spiral in the past 12 months.

Dream team of the most valuable players among the 8 European champions

Market value in EUR million as at 1st January 2020



Source: KPMG Football Benchmark

I trust you will enjoy reading this year's report – on the following pages we analyze the achievements of each champion and finally provide a comparison of their key financial performance indicators.I also encourage you to make a deeper dive into the subject by exploring footballbenchmark.com, KPMG's football business intelligence tool and the primary source of financial data in the football industry. If you would like to discuss our findings or receive further information, please contact us through our platform, or follow us on our social media channels.

Andrea Sartori

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AFC Ajax

Financial and operational figures (2018/19) in EUR million

Total operating revenues:	**199.5**
Matchday:	53.2
Broadcasting:	88.5
Commercial & other:	57.8
YoY Operating revenues growth:	+117%

Total staff costs:	**92.2**
Staff costs/ Operating revenues:	46%

Pre-tax profit/loss:	**+69.3**
Profit/loss after tax:	**+51.7**

Eredivisie average attendance:	**52,961**
Johan Cruijff Arena capacity:	**53,892**
Utilisation rate:	98%

Source: KPMG Football Benchmark - Club finance & operations

Squad market value as at 1st Jan, 2020

389 EUR million

Top 3 most valuable players in EUR million:

1. **Hakim Ziyech** (Morocco)**: 70**
2. **David Neres** (Brazil)**: 46**
3. **Donny van de Beek** (Netherlands)**: 44**

Source: KPMG Football Benchmark - Player Valuation

Total social media followers as at 1st Jan, 2020

9 million

Source: KPMG Football Benchmark - Social Media Analytics

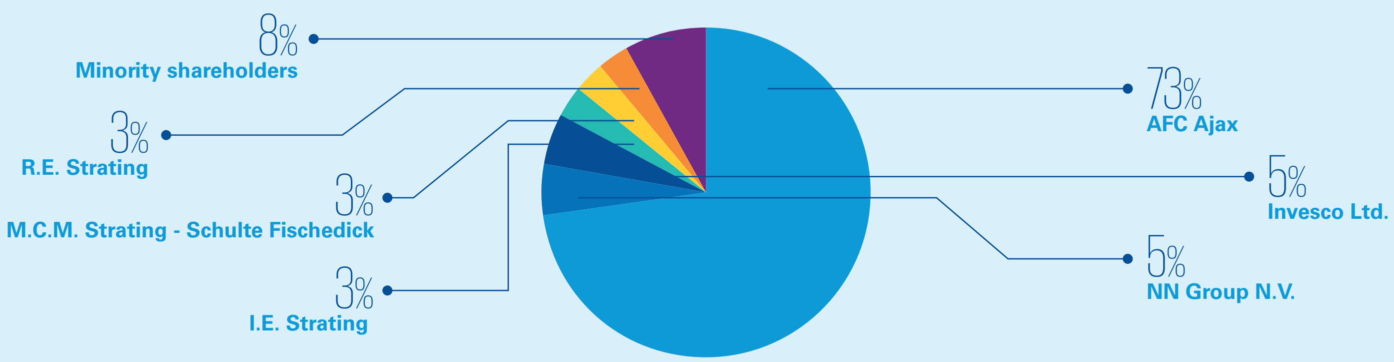
Enterprise Value as at 1st Jan, 2019

315 EUR million

(27th place)

Source: KPMG Football Clubs' Valuation: The European Elite 2019

Ownership structure



Source: KPMG research

The 2018/19 season will be one for the records for AFC Ajax. Indeed, the club were able to win the Eredivisie (34th title overall) after 4 years and, most notably, reached the UEFA Champions League semi-finals for the first time since the 1996/97 season. **The remarkable European campaign was the main driver for the EUR 199.5M in operating revenues, an impressive 117% increase.**

Matchday income grew by 59% up to EUR 53.2M, mainly thanks to tickets for international competitions (EUR 17.4M vs. EUR 2.1M in 2017/18) and skyboxes/business seats. On the other hand, *The Lancers'* successful season is also reflected in commercial activities, as commercial revenues showed a significant growth of 25%, with the club managing to increase merchandising and sponsorship sales. Sponsorships have risen due to new sponsors such as brand management company *Iconix*, bonuses as a result of sports performance and improved contracts. Indeed, **main jersey sponsor Ziggo has reportedly paid EUR 8M plus EUR 2M in bonuses in 2018/19** and, in June 2019, announced the extension of its partnership until 2022, with that sum set to increase, according to media reports. In addition to that, **from the current 2019/20 season the club will also enjoy a renewed agreement with kit supplier adidas worth EUR 8.3M for the next six football seasons**.

The club also strengthened its partnership with Chinese football club Guangzhou R&F, with seven coaches now part of the Chinese-side youth academy; camps and initiatives have also been implemented in Japan, Australia, Suriname and Eastern Europe, while an office in New York was inaugurated, in order to build brand recognition and facilitate tapping into foreign fan bases.

Finally, **the highest revenue increase is visible in broadcasting revenues, boosted from EUR 12.5M to EUR 88.5M, with EUR 78M deriving from participation in the UEFA Champions League alone**.

The historic run, which ended up with a breath-taking last-minute goal conceded against Tottenham Hotspur FC in the second leg of the semi-finals, will be challenging to repeat but, in a smaller TV market such as the Eredivisie, with a domestic broadcasting deal with Fox running through to 2025, AFC Ajax need to participate constantly in the most remunerative European competition in order to keep pace with their international peers.

Total operating costs witnessed a 57% increase, with staff costs reaching an all-time record at EUR 92.2M (+74% year-on-year growth). A further sign of the strengthening of the squad is its increased amortization, up to EUR 38.7M, mainly due to the acquisitions of Tadić, Blind and Magallán. On the other side, AFC Ajax have traditionally been renowned for their talent management strategy, where players are either scouted or nurtured at a young age in order to be sold at a profit. The 2018/19 season was no exception, as EUR 72.6M in profit from disposal of players was registered, with the likes of Kluivert, Wöber and most of all De Jong (officialised in January and implemented in June 2019) being the best talents to leave *The Lancers*. The significant revenue increase and the massive profits on players helped the club achieve an EUR 51.7M net result, totalling EUR 168.9M in the past eight seasons.

The club's remarkable season also paid some dividends on social media channels, as total followers almost doubled from 4.5M in September 2018 to 9.4M in January 2020. Considering the ongoing sporting results and the disposal of 2018 *Golden Boy* winner Matthijs De Ligt to Juventus FC for EUR 75M this summer, the Administrators are also expecting a positive net result for the 2019/20 season.

Credits: AFC Ajax

FC Barcelona

Financial and operational figures (2018/19) in EUR million

Total operating revenues:	**839.5**
Matchday:	174.9
Broadcasting:	298.1
Commercial & other:	366.5
YoY Operating revenues growth:	+22%

Total staff costs:	**575.8**
Staff costs/ Operating revenues:	69%

Pre-tax profit/loss:	**+3.6**
Profit/loss after tax:	**+4.5**

LaLiga average attendance:	**75,208**
Camp Nou capacity:	**99,354**
Utilisation rate:	76%

Source: KPMG Football Benchmark - Club finance & operations

Squad market value as at 1st Jan, 2020

1,209 EUR million

Top 3 most valuable players in EUR million:

1. **Lionel Messi** (Argentina): **180**
2. **Antoine Griezmann** (France): **125**
3. **Frenkie de Jong** (Netherlands): **106**

Source: KPMG Football Benchmark - Player Valuation

Total social media followers as at 1st Jan, 2020

251 million

Source: KPMG Football Benchmark - Social Media Analytics

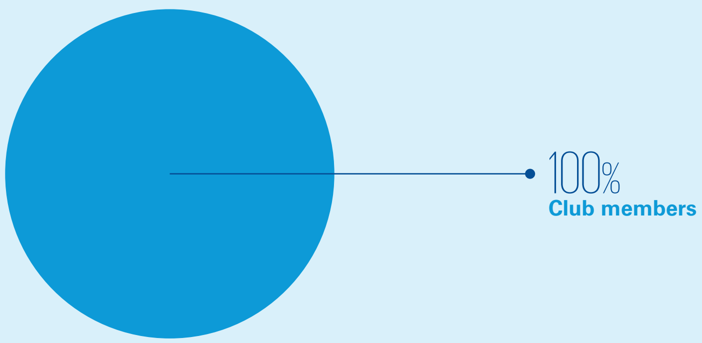
Enterprise Value as at 1st Jan, 2019

2,676 EUR million

(4th place)

Source: KPMG Football Clubs' Valuation: The European Elite 2019

Ownership structure



Source: KPMG research

The 2018/19 season saw FC Barcelona validating their domestic supremacy, securing their 26th LaLiga title, with their key rivals Atlético de Madrid and Real Madrid CF left 11 and 19 points behind, respectively. However, the *Blaugrana* could not prove themselves in the Copa del Rey, where they surrendered to Valencia CF in the final. After an unexpected defeat against AS Roma in the quarter-finals of the UEFA Champions League in the previous season, FC Barcelona suffered an even more incredible comeback in the 2018/19 campaign, this time by the future champions Liverpool FC in the semi-finals.

Meanwhile, the club's economic performance has been astonishing: for the first time in their history, **FC Barcelona are the leading football club in terms of total operating revenues, reaching a record amount of EUR 839.5M**, leapfrogging by EUR 100M their historical opponents Real Madrid CF (whose revenues total EUR 740.3M), followed in the revenue ranking by Manchester United FC (at EUR 711.3M).

The turnover increase is mainly due to broadcasting revenues growth (+35% year on year) up to EUR 298.1M. This revenue stream benefited from the new broadcasting cycle of the UCL, kicked-off in 2018/19, and better results achieved in the competition: semi-finals versus the quarter-finals of the previous season. Moreover, **the current 2019/20 season will most likely see a further increase in TV income, thanks to a new broadcasting cycle** starting for La Liga clubs; indeed, the new deal is **expected to generate a total amount of EUR 2.04 billion per year**, representing a 30% increase compared to the previous cycle.

Matchday revenues registered a 7% increase on the previous season, while **commercial revenues (at EUR 366.5M, +20% year on year) remained the main source of income for the Spanish champions, accounting for 44% of total operating revenues**. The 2018/19 commercial revenues include deals with Rakuten as main jersey sponsor (for EUR 55M per year) and Nike as kit supplier (EUR 105M per year) plus, among others, a new agreement signed with Beko as sleeve and training sponsor. Moreover, **from the 2018/19 season FC Barcelona are directly managing their stores, considerably increasing their merchandising revenues** if compared to those of previous seasons, when they received royalties from the kit supplier.

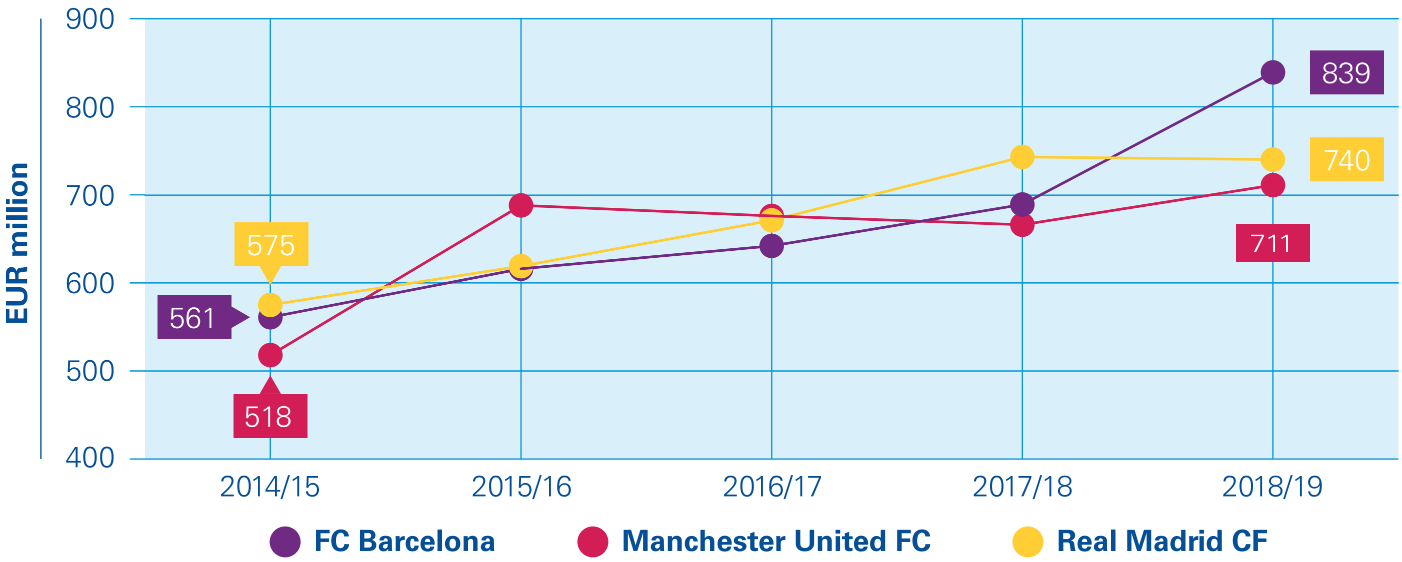
On the costs side, staff costs (EUR 575.8M) increased by only 3% over the previous season. Even though FC Barcelona remained the biggest spenders in staff costs among any football club, their operating revenue growth has allowed the club to **significantly decrease their staff costs/operating revenue ratio from 81% to 69% in only one season**.

The **bottom-line result suffered a decrease of EUR 8.4M**. Indeed, total player trading has registered a worsening of EUR -119.4M, **mainly due to minor profit achieved on the disposal of players' registrations**, if compared to the previous season's record result, principally derived from the transfer of Neymar to Paris Saint-Germain FC.

At the same time, the amortisation of players' registrations increased by EUR 26.9M, as a main consequence of newly-signed players such as Malcom for EUR 41M, already sold to Zenit Saint Petersburg this summer, Lenglet for EUR 35M and Arthur for EUR 31M. Furthermore, the *Blaugrana* managed to secure one of the main emerging talents in the European landscape: 22-year-old Dutch midfielder Frenkie de Jong, for EUR 75M from AFC Ajax (the purchase having been officialised in January and implemented in June 2019).

FC Barcelona's ongoing 2019/20 season was opened with the signing of another top player, 2018 World Cup winner Antoine Griezmann from Atlético de Madrid for EUR 120M, and continued with a stable place in the top positions of La Liga and qualification to the UEFA Champions League Round of 16. From a business perspective, the current season could mark a historical achievement as, according to the club's forecast, the *Blaugrana* will reach EUR 1B total turnover (including players' transfers).

Top 3 clubs by total operating revenues - Evolution in the past 5 seasons



Source: KPMG Football Benchmark

FC Bayern München*

Financial and operational figures (2018/19) in EUR million

Total operating revenues: **625.5**

- Matchday: 92.4
- Broadcasting: 211.2
- Commercial & other: 321.9

YoY Operating revenues growth: +5%

Total staff costs: **336.2**

Staff costs/ Operating revenues: 54%

Pre-tax profit/loss: **+60.2**

Profit/loss after tax: **+42.7**

Bundesliga average attendance: **75,000**

Allianz Arena capacity: **75,000**

Utilisation rate: 100%

Source: KPMG Football Benchmark - Club finance & operations

Squad market value as at 1st Jan, 2020

879 EUR million

Top 3 most valuable players in EUR million:

1. **Robert Lewandowski** (Poland): **85**
2. **Philippe Coutinho** (Brazil): **82**
3. **Joshua Kimmich** (Germany): **80**

Source: KPMG Football Benchmark - Player Valuation

Total social media followers as at 1st Jan, 2020

78 million

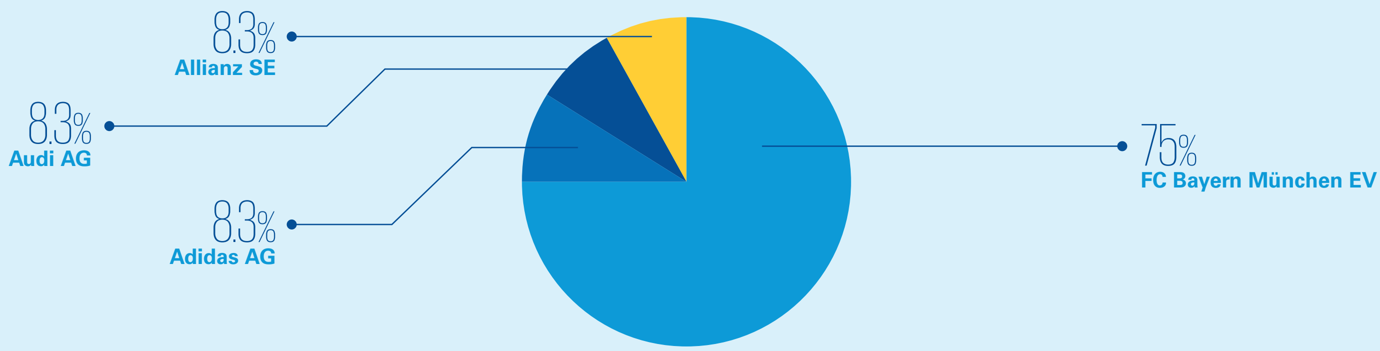
Source: KPMG Football Benchmark - Social Media Analytics

Enterprise Value as at 1st Jan, 2019

2,696 EUR million (3rd place)

Source: KPMG Football Clubs' Valuation: The European Elite 2019

Ownership structure



Source: KPMG research

In the 2018/19 season FC Bayern München managed to win their 7th Bundesliga title in a row (29th *Meisterschale* in total), together with the DFB Pokal, achieving the 12th *double* in their almost 120-year long history. The UEFA Champions League campaign terminated in advance compared to the previous year's semi-finals, due to a defeat against eventual winners Liverpool FC at the round of 16.

The German champions increased their total operating revenues by 5% year on year, reaching EUR 625.5M[1] (EUR 660.1M at Group level). This growth was mainly driven by broadcasting income, which increased by 20% year on year, up to EUR 211.2M. This revenue stream benefited from the new, more remunerative UEFA distribution cycle that kicked off in 2018/19. Indeed, the Bavarian club received more from UEFA than in the previous season despite the fewer matches played in the Champions League due to the early elimination.

Commercial revenues (EUR 321.9M) are having the biggest impact on FC Bayern München's turnover once again, accounting for 51%. However, the German champions are not the club with the highest commercial revenues anymore, having been nudged aside by FC Barcelona, who currently boast the highest total operating revenues in the football industry.

Matchday revenues (EUR 92.4M) decreased by 11% compared to the previous season's mainly because of fewer matches played in the UEFA Champions League, while the club managed to keep Allianz Arena sold out on a weekly basis.

Staff costs registered an 11% year-on-year growth, resulting in a slight 3 percentage point increase in the staff costs/operating revenue ratio, up to 54%, the third lowest among the clubs considered in this report.

Player trading activities generated EUR 90.3M, thanks in particular to the disposals of Douglas Costa to Juventus FC after a 1-year loan, and Arturo Vidal to FC Barcelona. Profit on the disposal of players helped the club to record **an impressive 27th profitable year in a row, registering a profit after tax of EUR 42.7M**, more than double compared to that of the previous season; at Group level, that result increases to EUR 52.5M.

In the 2019 summer transfer window, FC Bayern München completed the most expensive purchase of their history by acquiring left back Lucas Hernández from Atlético de Madrid for a reported EUR 80M. After the investments made to improve the defensive line, in the same summer the club hit the transfer market again, reinforcing the attack by acquiring on loan Philippe Coutinho and Ivan Perišić, among others.

Such significant signings should not come as a surprise. As the Administrators point out, FC Bayern München rest on stable foundations, which allow them to make the necessary investments in the first-team squad, in what they define to be an increasingly challenging transfer market. **In the competition for top talent, they believe that the increased financial strength will enable the club to remain competitive among the European elite of professional football**, and they will continue to direct all commercial efforts towards this goal in the future.

After the first half of the 2019/20 season has come to an end, Bundesliga seems more balanced than in the previous editions, with many teams fighting for the top positions within a few points and the current champions trailing behind. As more and more challenges are posed on the domestic and international stages, further efforts are required by FC Bayern München to keep growing, both on the sporting and financial side, and to maintain the 3rd position of most valuable club according to KPMG's "Football Clubs' Valuation: The European Elite 2019".

[1] *All data refer to the individual financial statements of FC Bayern München AG. Consolidated data were not available at the date of publication.*

Credits: FC Bayern München

Galatasaray SK

Financial and operational figures (2018/19) in EUR million

Total operating revenues:	**146.3**
Matchday:	26.6
Broadcasting:	73.4
Commercial & other:	46.2
YoY Operating revenues growth:	+28%

Total staff costs:	**71.4**
Staff costs/ Operating revenues:	49%

Pre-tax profit/loss:	**+4.9**
Profit/loss after tax:	**+4.8**

Süper Lig average attendance:	**36,166**
Türk Telekom Arena capacity:	**52,223**
Utilisation rate:	69%

Source: KPMG Football Benchmark - Club finance & operations

Squad market value as at 1st Jan, 2020

111 EUR million

Top 3 most valuable players in EUR million**:**

1. **Jean Michaël Seri** (Ivory Coast)**: 13**
2. **Mario Lemina** (Gabon)**: 11**
3. **Christian Luyindama** (DR Congo)**: 11**

Source: KPMG Football Benchmark - Player Valuation

Total social media followers as at 1st Jan, 2020

31 million

Source: KPMG Football Benchmark - Social Media Analytics

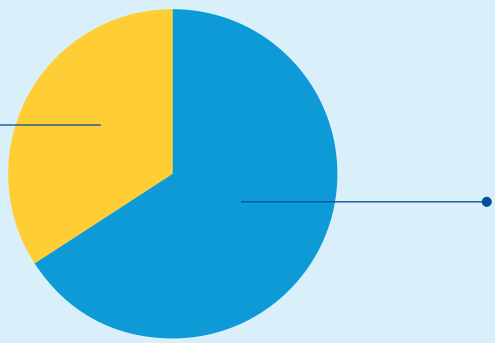
Enterprise Value as at 1st Jan, 2019

246 EUR million

(32th place)

Source: KPMG Football Clubs' Valuation: The European Elite 2019

Ownership structure



Source: KPMG research

Galatasaray SK have dominated Turkish football for most of the past decade, winning 14 out of the 24 domestic trophies in the past eight seasons. **In 2018/19** the *Lions* consolidated their primacy by winning their 22nd Süper Lig title and 18th Turkish Cup. Moreover, after the 2016/17 ban due to failure to comply with UEFA Financial Fair Play Regulations, and the 2017/18 elimination in the preliminary rounds, the Istanbul club managed to come back to the final phase of a European competition. Indeed, **Galatasaray SK reached the UEFA Champions League group stage**, earning 3rd place and then being demoted to the UEFA Europa League, where they were eliminated in the Round of the last 32.

The international campaign represents the main reason behind a remarkable increase in operating revenues registered by the Turkish champions: +28% year on year, **up to EUR 146.3M**. In local currency this increase assumes an impressive growth of 75% year on year, a significant difference attributable to the weakening of the Turkish Lira[1]. If compared to their historical opponents, the *Lions* returned as the best Turkish club in terms of total operating revenues, leaving behind Fenerbahçe SK (whose earnings totalled EUR 111.3M) and Beşiktaş JK (who earned EUR 98.6M).

International broadcasting revenues amounted to EUR 36.8M, slightly higher than the domestic broadcasting revenues (EUR 36.7M) received in accordance with a current deal in place with Digiturk (a local subsidiary of Qatari network beIN). Despite the Turkish market being ranked 6th, just after the top 5 European leagues, in terms of domestic broadcasting revenues (USD 500M per year), the aforementioned **UEFA income confirms how participation in UEFA competitions for clubs coming from non-big 5 leagues is crucial**, as they suffer from a considerable gap in broadcasting revenues distributed on a domestic level. Thanks to UEFA distributions, Galatasaray SK's total broadcasting revenues doubled in only one season, currently accounting for 50% of total turnover. On the other hand, due to the devaluation of Turkish Lira, both matchday and commercial revenues registered a slight worsening of -5% and -6%[2] year on year, respectively.

Staff costs amounted to EUR 71.4M (a 12% yearly decrease[3]), resulting in a staff costs/operating revenue ratio of 49%, a significant improvement compared to the 71% figure registered in the previous season. The club were also able to cash in EUR 26.8M in profit from the disposal of players, mainly thanks to the sale of academy-raised talent Ozan Kabak for a reported EUR 11M to VFB Stuttgart in January 2019.

The boost in revenues, combined with the costs saving, allowed the club to obtain a positive EUR 4.9M pre-tax profit, representing an improvement of EUR 54.3M year on year. Such a remarkable improvement assumes an extremely important role **in** view of the **compliance with a Settlement Agreement signed with UEFA in October 2018, in which the club committed to record a maximum pre-tax loss of EUR -20M in 2018/19**, with full break-even to be undertaken in 2021/22. As part of the above-mentioned Settlement Agreement, the club paid a EUR 6M fine in 2018/19.

The second consecutive participation in the UEFA Champions League group stage in the 2019/20 season will most likely support Galatasaray SK in the club's efforts to maintain a positive financial bottom-line result, in order ultimately to conclude the Financial Fair Play scrutiny. A further assist will also come from commercial streams, as they will benefit from two new main shirt sponsors, thanks to deals signed with restaurant chain Terra Pizza (for EUR 3M per season) and Turkish Airlines for domestic and international matches, respectively.

[1] *Exchange rate in 2017/18: 1 EUR = 4.63 TRY; exchange rate in 2018/19: 1 EUR = 6.31 TRY.*
[2] *Matchday and commercial revenues increased in local currency by 29% and 28%, respectively.*
[3] *20% increase in local currency.*


Credits: Galatasaray SK

JUVENTUS

Juventus FC

Financial and operational figures (2018/19) in EUR million

Total operating revenues:	**463.6**
Matchday:	71.5
Broadcasting:	206.6
Commercial & other:	185.4
YoY Operating revenues growth:	+16%

Total staff costs:	**327.8**
Staff costs/ Operating revenues:	71%

Pre-tax profit/loss:	**-26.9**
Profit/loss after tax:	**-39.9**

Serie A average attendance:	**39,193**
Allianz Stadium capacity:	**41,000**
Utilisation rate:	96%

Source: KPMG Football Benchmark - Club finance & operations

Squad market value as at 1st Jan, 2020

859 EUR million

Top 3 most valuable players in EUR million:

1. **Matthijs de Ligt** (Netherlands)**: 89**
2. **Cristiano Ronaldo** (Portugal)**: 86**
3. **Paulo Dybala** (Argentina)**: 85**

Source: KPMG Football Benchmark - Player Valuation

Total social media followers as at 1st Jan, 2020

88 million

Source: KPMG Football Benchmark - Social Media Analytics

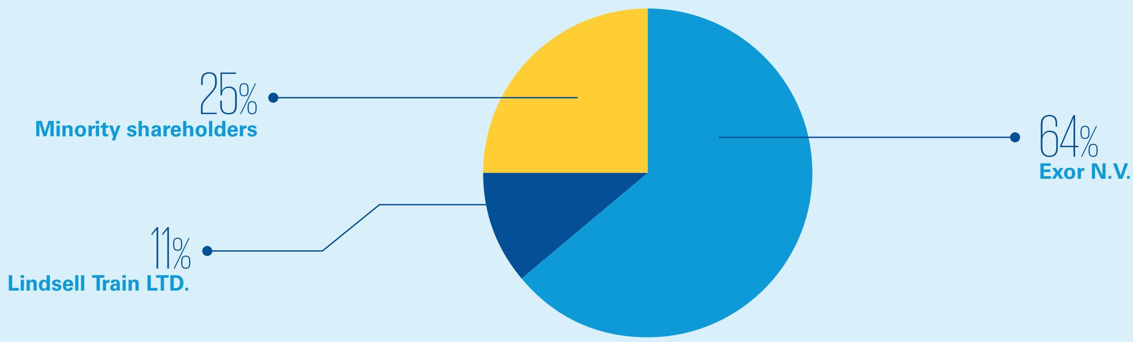
Enterprise Value as at 1st Jan, 2019

1,548 EUR million

(10th place)

Source: KPMG Football Clubs' Valuation: The European Elite 2019

Ownership structure



Source: KPMG research

Under Embargo until 00:01 Central European Time (CET), 15th January, 2020

The 2018/19 season confirmed Juventus FC's dominance on the Italian landscape: the *Old Lady* won a record 8th Serie A title in a row, by 11 points over second-placed SSC Napoli. As in the previous season, the UEFA Champions League campaign ended up in the quarter-finals, against the young talents of AFC Ajax. Most of all, **this past season will be long remembered** by Juventus FC's supporters **thanks to the surprising arrival of 5-time Ballon d'Or winner Cristiano Ronaldo from Real Madrid CF, for a fee of EUR 117M**. The Portuguese superstar allowed the Turin's club to take a further step towards the elite European clubs, striving to compete at par with them on and off the pitch.

While from a purely sporting side *CR7* didn't manage to lead the *Bianconeri* to the much-desired UEFA Champions League trophy, off-pitch results paint a different, better picture. **The Italian champions recorded operating revenues of EUR 463.6M (16% year-on-year growth), with the main driver of this growth being a commercial revenues' increase of 30%, up to EUR 185.4M.** Unsurprisingly, merchandising income achieved the highest growth (58% year on year), reaching EUR 44M. Besides the surely decisive impact of Cristiano Ronaldo, other strategies have been put in place in order to improve the sale of the club's official products, and to expand Juventus FC's brand into a broader, fashion brand; a limited edition of the official jersey, launched in the current season in collaboration with urban brand *Palace*, is only the latest example in that regard.

Among commercial revenues, sponsorships played a fundamental role, too. Indeed, **the 2018/19 season results benefitted from a performance bonus of EUR 15M provided by adidas**; this bonus anticipated a new 8-year deal signed with the kit supplier, valid from the 2019/20 season, worth EUR 51M per season.

Broadcasting revenues only slightly increased (3% year on year) thanks to a new, more remunerative UEFA distribution cycle, which was, however, partially compensated by a decrease in the domestic TV income of the *Bianconeri*, due to a new distribution system in Serie A. Finally, matchday income also increased, by 25% on the previous season, reaching EUR 71.5M.

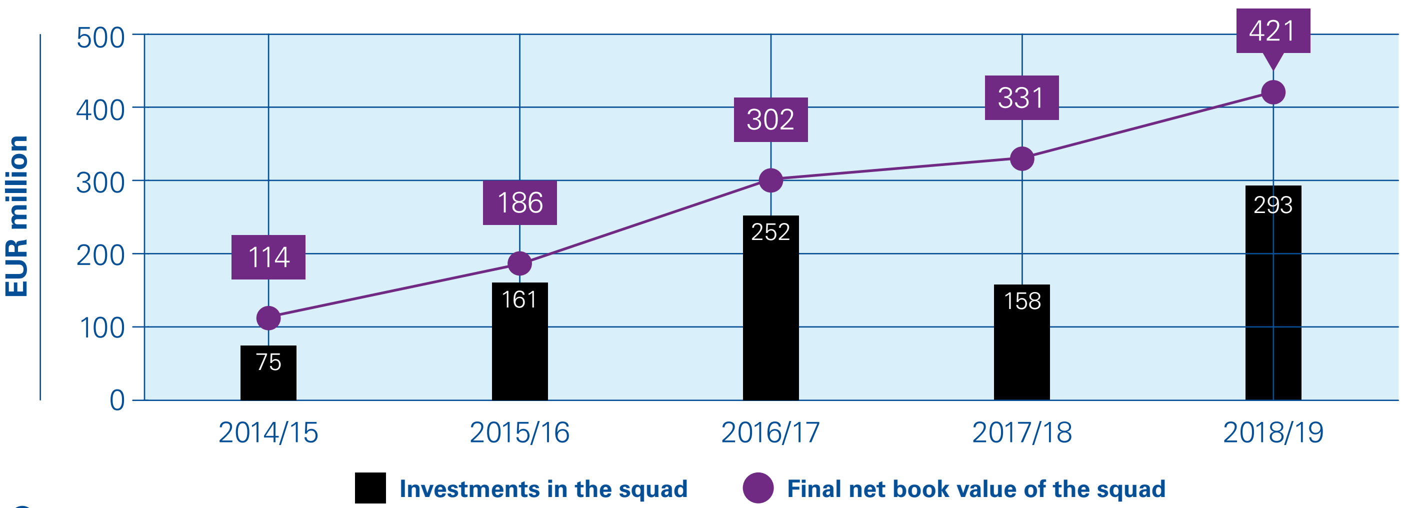
The club's efforts to catch up with their main European peers are also visible on the costs' side. Indeed, **the bottom line showed an apparent worsening: losses increased by EUR 20.7M, reaching EUR -39.9M**. The main reasons for this negative figure are higher staff costs (+27% year on year) and higher amortisation (+39% on the previous season), as a direct consequence of the investments made to strengthen the squad, especially due to the arrival of *CR7*.

The club managed to partially mitigate the increase in operating costs, mainly thanks to some EUR 127.1M in profit from the disposal of players' registrations. Furthermore, in February 2019 the club issued a non-convertible corporate bond for a total of EUR 175M, with the purpose of providing the company with financial resources for its operations.

In order to maintain their economic and financial stability over time, Juventus FC have set the following key conditions: (i) the ability to compete at a high level, both in Italy and Europe, (ii) a dynamic approach to the player transfer campaigns to take advantage of investment enhancement opportunities, and (iii) the increase of revenues, as well as an attentive control of operating costs. In light of these, **this autumn the Board of Directors decided to increase share capital by 30 September 2020, for a total maximum amount of EUR 300M**. The proposed capital increase is aimed mainly at financing investments to maintain sporting competitiveness, support the commercial strategy designed to increase revenues and the visibility of the Juventus FC brand on international markets, and consolidate the company's equity.

Following the strategy set up by the Administrators, in the summer of 2019, Juventus FC continued to reinforce the squad, mainly acquiring AFC Ajax's Matthijs De Ligt for EUR 75M. According to the club's forecast, net results for the 2019/20 season are once again expected to be negative; however, a further rise in commercial revenues is predictable, also thanks to a EUR 25M increase in the current jersey sponsorship agreement in place with Jeep (now totalling EUR 42M per year).

Investments and Final net book value of the squad (2014/15 - 2018/19)



Source: KPMG Football Benchmark

Manchester City FC

Financial and operational figures (2018/19) in EUR million

Total operating revenues: 610.4

Matchday: 62.4

Broadcasting: 287.1

Commercial & other: 260.8

YoY Operating revenues growth: +7%

Total staff costs: 357.6

Staff costs/ Operating revenues: 59%

Pre-tax profit/loss: +11.4

Profit/loss after tax: +11.4

Premier League average attendance: 54,130

Etihad Stadium capacity: 55,017

Utilisation rate: 98%

Source: KPMG Football Benchmark - Club finance & operations

Squad market value as at 1st Jan, 2020

1,279 EUR million

Top 3 most valuable players in EUR million:

1 **Raheem Sterling** (England): **150**

2 **Kevin De Bruyne** (Belgium): **130**

3 **Bernardo Silva** (Portugal): **92**

Source: KPMG Football Benchmark - Player Valuation

Total social media followers as at 1st Jan, 2020

70 million

Source: KPMG Football Benchmark - Social Media Analytics

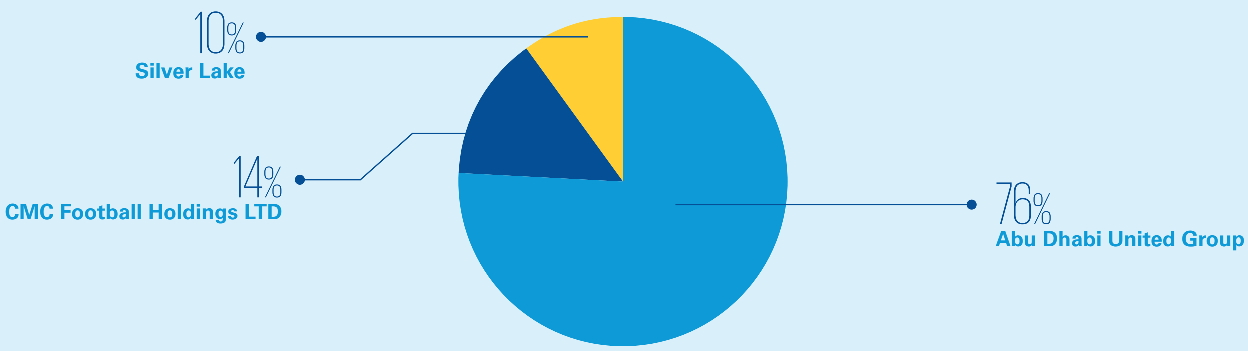
Enterprise Value as at 1st Jan, 2019

2,460 EUR million

(5th place)

Source: KPMG Football Clubs' Valuation: The European Elite 2019

Ownership structure*



Source: KPMG research

*Note: Ownership structure refers to City Football Group, the holding company that owns Manchester City FC.

In 2018/19 Manchester City FC celebrated another record-breaking season, making English history by becoming the first team to win all four domestic trophies in a single campaign. The *Cityzens* won the Premier League, in an exciting final race against Liverpool FC, the FA Cup, the League Cup, and the FA Community Shield. Moreover, the club progressed to the quarter finals of the UEFA Champions League, where they were eliminated by domestic rivals Tottenham Hotspur FC.

In the past season, Manchester City FC brought in a record EUR 610.4M total operating revenues, a 7% year-on-year growth. This was the 11th successive year of revenue growth for the club. That growth was mainly driven by broadcasting income, registering a 20% increase over the previous season, up to EUR 287.1M. The additional EUR 35.6M received from UEFA during the 2018/19 season (EUR 97.1M in total), despite the team having reached the same stage of the UEFA Champions League, was the main driver of such growth, thanks to the kick-off of a new TV cycle. **Broadcasting revenues now account for 47% of total turnover, followed by commercial income (43% of the total).**

In contrast to those increases, matchday (EUR 62.4M) and commercial (EUR 260.8M) revenues both slightly decreased by approximately 2%. However, starting from the current 2019/20 season the club will benefit, on the commercial side, from a new global, long-term partnership between City Football Group (CFG), the club's holding company, and Puma. Indeed, **as of July 2019, Puma has replaced Nike as the exclusive kit supplier** for all the clubs controlled by the Group. **The reported value of GBP 65M per year marks a significant upgrade on the club's previous arrangement with Nike**, which had agreed a 6-year partnership in 2013 worth GBP 12M a year. Puma's new 10-year deal represents a new model of sponsorship agreement on a truly global scale, involving extremely diverse markets on five continents.

Staff costs increased by 22% year on year, reaching EUR 357.6M and resulting in a staff costs/operating revenue ratio of 59%, slightly higher than last season's, but still comfortably lower than the UEFA recommended threshold of 70%.

The bottom-line result was almost the same as for the previous season: EUR 11.4M versus EUR 11.8M. The 5th consecutive positive result confirmed the club's efforts towards an increased sustainability, which could lead them to long-term financial stability.

This positive financial performance has already been recognised by the market, as evidenced by **a recent USD 500M investment into a 10% stake acquisition in CFG operated by US private equity firm Silver Lake, which values the whole Group at USD 4.8 billion**. Moreover, the CFG's network has been recently expanded to a total of eight clubs, as new-entry Mumbai City FC (India) joins the likes of Manchester City FC (England), Girona FC (Spain), New York City FC (USA), Club Atlético Torque (Uruguay), Sichuan Jiuniu FC (China), Yokohama F·Marinos (Japan) and Melbourne City FC (Australia). The multi-ownership model operated by CFG, with Manchester City FC representing the shiniest asset, provides sponsors and partners a unique platform for exposure and the clubs with unrivalled sharing of know-how.

The recent transfer market campaigns of the *Sky Blues* were relatively calm if compared to the previous seasons, with few significant additions to the team over the past two seasons. Nonetheless, **Pep Guardiola could still rely on the most valuable squad according to KPMG's Player Valuation Tool, with a total value of EUR 1.3B**.

In the current season, keeping the Premier League throne for the 3rd time in a row looks to be extremely difficult due to the impressive performance of Liverpool FC to date; on the other hand, the club have qualified for the UEFA Champions League knockout stages once again, with a clear ambition to enrich their trophy room with the most coveted prize.


Credits: Manchester City FC

Paris Saint-Germain FC

Financial and operational figures (2018/19) in EUR million

Total operating revenues:	**636.0**
Matchday:	116.0
Broadcasting:	156.6
Commercial & other:	363.4
YoY Operating revenues growth:	+17%

Total staff costs:	**369.4**
Staff costs/ Operating revenues:	58%

Pre-tax profit/loss:	**33.5**
Profit/loss after tax:	**28.5**

Ligue 1 average attendance:	**46,911**
Parc des Princes capacity:	**47,929**
Utilisation rate:	98%

Source: KPMG Football Benchmark - Club finance & operations

Squad market value as at 1st Jan, 2020

957 EUR million

Top 3 most valuable players in EUR million:

1. **Kylian Mbappé** (France): **225**
2. **Neymar** (Brazil): **185**
3. **Marquinhos** (Brazil): **61**

Source: KPMG Football Benchmark - Player Valuation

Total social media followers as at 1st Jan, 2020

78 million

Source: KPMG Football Benchmark - Social Media Analytics

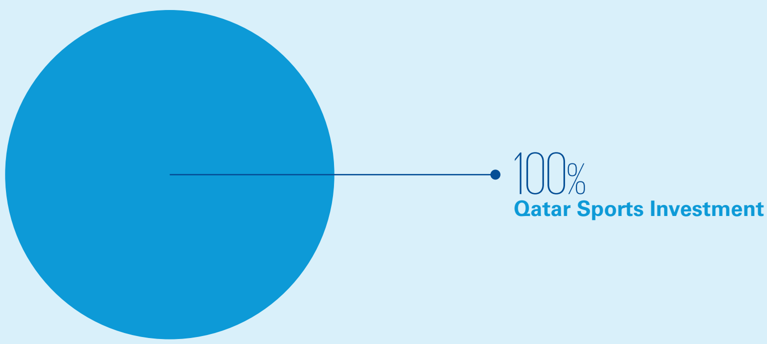
Enterprise Value as at 1st Jan, 2019

1,315 EUR million

(11th place)

Source: KPMG Football Clubs' Valuation: The European Elite 2019

Ownership structure



Source: KPMG research

During the 2018/19 season Paris Saint-Germain FC (PSG) won the 8th Ligue 1 title in their history and the 6th in the last seven seasons. At an international level, for the third consecutive year *Les Parisiens* were eliminated in the Round of 16 of the UEFA Champions League, this time by Manchester United FC.

The club's economic indicators were as positive as ever: **PSG registered record operating revenues of EUR 636M**, year-on-year growth of 17%. **Commercial income (EUR 363.4M) accounted for 57% of the total and this figure ranks as the second highest amount after FC Barcelona's.** PSG continued to focus on their commercial development by constantly reinforcing the brand's attractiveness, in order to become a global lifestyle brand. In the 2018/19 season, approximately 200,000 official jerseys were sold, with an exclusive partnership with iconic sportswear Jordan and endorsements from many international celebrities not associated with sports likely attributable to that success. In this regard, the latest example of the club's focus on gaining such international exposure to attract new markets is the opening of a new store in Japan in November 2019. Sponsorship income played a fundamental role too, as the club signed, among others, new deals with Unibet and Renault, and renewed partnerships with Ooredoo and American Express.

Also, **the French champions could benefit from the new and more remunerative broadcasting cycle of the UCL**, kicked-off in 2018/19, **the main driver of a broadcasting revenues increase of 23% year on year**; despite playing the same number of matches, PSG received an additional EUR 23.7M from UEFA.

Finally, PSG recorded a 15% increase in matchday income, mainly thanks to a consistently sold out Parc des Princes, whose season ticket holders account for more than 70% of the stadium's total capacity, and hospitality services.

Despite a staff costs increase of 11% year on year up to EUR 369.4M (including EUR 83.9M of social security costs), PSG managed to reduce their staff costs/operating revenue ratio, a remarkable result considering French fiscal costs calculated on the net salaries guaranteed for players being charged to the club. **The bottom-line result showed a slight decrease compared to that of the previous season, although still a respectable EUR 28.5M.**

On the transfer market, in 2018/19 PSG adopted a more conscious strategy if compared to the hefty investments made in previous seasons that brought in, among others, two superstars of the calibre of Kylian Mbappé and Neymar Jr. Furthermore, **PSG can boast an impressive social media presence, with 78 million followers across Instagram, Facebook, Twitter and YouTube, more than the other 19 Ligue 1 clubs combined.**

The presence of the aforementioned football stars and the establishment of what has become a global brand are some of the key factors pushing PSG's worldwide commercial success. Indeed, the club are now starting to reap the rewards with recently-signed new deals, starting from the current 2019/20 season, with French hotel operator Accor as main shirt sponsor (for a reported EUR 50M per year) and with Nike as kit supplier (for EUR 75M annually) representing the two main examples. A further source of revenues the club are exploring could be the sale of the naming rights of Parc des Princes, as they have recently launched an ad-hoc digital campaign on the matter.

After the first half of the 2019/20 season, PSG do not seem to have any credible rivals for the Ligue 1 title race, while in the UEFA Champions League campaign they topped their group ahead of Real Madrid CF and will play against Borussia Dortmund in the round of 16.

Credits: Paris Saint Germain FC

SL Benfica

Financial and operational figures (2018/19) in EUR million

Total operating revenues:	**165.7**
Matchday:	27.3
Broadcasting:	100.9
Commercial & other:	37.5
YoY Operating revenues growth:	+36%

Total staff costs:	**96.8**
Staff costs/ Operating revenues:	58%

Pre-tax profit/loss:	**+25.1**
Profit/loss after tax:	**+29.4**

Primeira Liga average attendance:	**53,824**
Estádio da Luz capacity:	**65,000**
Utilisation rate:	83%

Source: KPMG Football Benchmark - Club finance & operations

Squad market value as at 1st Jan, 2020

278 EUR million

Top 3 most valuable players in EUR million:

1. **Rúben Dias** (Portugal): **35**
2. **Alejandro Grimaldo** (Spain): **26**
3. **Rafa Silva** (Portugal): **22**

Source: KPMG Football Benchmark - Player Valuation

Total social media followers as at 1st Jan, 2020

7 million

Source: KPMG Football Benchmark - Social Media Analytics

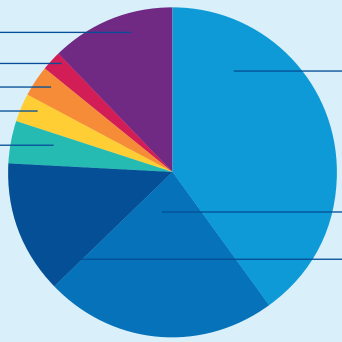
Enterprise Value as at 1st Jan, 2019

333 EUR million

(26th place)

Source: KPMG Football Clubs' Valuation: The European Elite 2019

Ownership structure



Source: KPMG research

The domestic dominance of SL Benfica has been re-established in the 2018/19 season, as the club won their 5th Primeira Liga title in the last six seasons, the 37th in their history, after FC Porto's victory in the previous year. At international level, they took part in the UEFA Champions League group stage for the 9th consecutive season, earning 3rd place and then being demoted to the UEFA Europa League, where they were eliminated in the quarter-finals.

On the business side, **SL Benfica performed positively, increasing operating revenues by 36% year on year up to EUR 165.7M**; nonetheless, the *Eagles* were surpassed by FC Porto (whose earnings totalled EUR 176.3M) as the best Portuguese club in terms of total operating revenues.

Broadcasting income (EUR 100.9M) represented the main revenue stream for the club, **accounting for 61% of total turnover, indisputably the highest broadcasting dependence among the eight champions considered in this report**. Total broadcasting revenues increased by 62% compared to the previous season's, mainly driven by UEFA revenues (EUR 56.8M vs. EUR 17.9M in 2017/18), whose remarkable growth is a consequence of better results and the kick-off of a new TV deal. On the other hand, domestic broadcasting revenues remain stable at approximately EUR 44.1M, as a result of the 10-year individual deal in place with communication company NOS since the 2016/17 season. Portugal is the only league represented in this report whose clubs individually negotiate their broadcasting revenues; while such a strategy allows the two Portuguese giants to maximise their domestic income, the league suffers from an evident competitive imbalance, as for the past 17 years only SL Benfica and FC Porto have won the Primeira Liga, seven and 10 times, respectively.

Commercial revenues (EUR 37.5M) showed a slight 6% year-on-year growth, thanks to the renewal of an agreement with shirt sponsor Fly Emirates for a further three seasons, for a reported total value of approximately EUR 20M.

The 14% yearly increase in matchday revenues is mainly due to the additional matches played in the UEFA Europa League, while domestic league average attendance and utilization rate at Estádio da Luz remained stable at 53,824 spectators and 83%, respectively.

Staff costs grew at a faster pace than total revenues (43% year on year), up to EUR 96.8M, resulting in a staff costs/operating revenue ratio of 58%. Despite this costs' increase, SL Benfica managed to maintain a positive bottom-line result for the 6th consecutive season, and to improve it up to EUR 29.4M (+EUR 8.8M compared to the previous fiscal year's figure). This makes for **EUR 136.1M of total net profit in the past six seasons**.

One of the main reasons behind such a remarkable achievement is the EUR 76.2M profit on disposal of players' registrations. Indeed, **the club continued to profit from player trading to boost their financial results, thanks to a consolidated business model particularly focused on nurturing young players who can be later sold at a premium**. The 2018/19 season was no exception with profit derived from disposals of players such as, among others, Raúl Jiménez to Wolverhampton Wanderers FC (for EUR 38M), Talisca to Guangzhou Evergrande FC (for EUR 19M) and Luka Jović to Eintracht Frankfurt (for EUR 5M). This last transaction provided the club an additional EUR 17M, equal to 30% of the profit gained by the German club from the following disposal of the Serbian striker to Real Madrid CF for a total reported amount of EUR 60M.

The 2018/19 season has also seen the rise of new young star João Félix, the 2019 *Golden Boy*, sold to Atlético de Madrid in July 2019 for a record amount of EUR 126M. The economic benefits of this disposal will be visible in the 2019/20 season, together with the guaranteed EUR 43.3M for participation in the UEFA Champions League group stage, which will likely allow the club to further improve their bottom-line results and consolidate their financial stability.

Credits: SL Benfica

Summary

Key performance indicators and annual change

Total operating revenues 2018/19 season in EUR million

Staff costs 2018/19 season in EUR million

Profit/Loss after tax 2018/19 season in EUR million

Stadium utilisation rate 2018/19 season

Squad Value as at 1st January 2020 in EUR million

Social media followers* as at 1st January 2020 in million

AFC Ajax

Total operating revenues	199	+108
Staff costs	92	+39
Profit/Loss after tax	52	+50
Stadium utilisation rate	98%	+6%
Squad Value	389	+85
Social media followers	9	+5

FC Barcelona

Total operating revenues	839	+150
Staff costs	576	+14
Profit/Loss after tax	5	-8
Stadium utilisation rate	76%	+9%
Squad Value	1,209	+108
Social media followers	251	+26

FC Bayern München**

Total operating revenues	626	+29
Staff costs	336	+34
Profit/Loss after tax	43	+21
Stadium utilisation rate	100%	
Squad Value	879	+115
Social media followers	78	+6

***Note: All data refer to the individual financial statements of FC Bayern München AG. Consolidated data were not available at the date of publication.*

Galatasaray SK

Total operating revenues	146	+32
Staff costs	71	-9
Profit/Loss after tax	5	+54
Stadium utilisation rate	69%	-9%
Squad Value	111	+28
Social media followers	31	+4

Source: KPMG Football Benchmark **Note: Facebook, Instagram, Twitter and YouTube combined.*

Total operating revenues 2018/19 season in EUR million

Staff costs 2018/19 season in EUR million

Profit/Loss after tax 2018/19 season in EUR million

Stadium utilisation rate 2018/19 season

Squad Value as at 1st January 2020 in EUR million

Social media followers* as at 1st January 2020 in million

Juventus FC

Total operating revenues	464	+64
Staff costs	328	+69
Profit/Loss after tax	-40	-21
Stadium utilisation rate	96%	+1%
Squad Value	859	+67
Social media followers	88	+21

Manchester City FC

Total operating revenues	610	+42
Staff costs	358	+65
Profit/Loss after tax	11	-0.3
Stadium utilisation rate	98%	+1%
Squad Value	1,279	+97
Social media followers	70	+11

Paris Saint-Germain FC

Total operating revenues	636	+94
Staff costs	369	+37
Profit/Loss after tax	29	-3
Stadium utilisation rate	98%	
Squad Value	957	+61
Social media followers	78	+14

SL Benfica

Total operating revenues	166	+44
Staff costs	97	+29
Profit/Loss after tax	29	+9
Stadium utilisation rate	83%	+1%
Squad Value	278	+40
Social media followers	7	+1

Source: KPMG Football Benchmark

Note: Facebook, Instagram, Twitter and YouTube combined.

Basis of preparation and limiting conditions

The foundation of this study is an analysis of the publicly available statutory financial statements ("the Financial Statements") of the professional football clubs selected for the purposes of this report. In respect of each professional football club, all financial figures have been extracted from the Financial Statements of the 2018/19 football season.

When the Financial Statements of the clubs were not available or whenever we considered it necessary, we have consulted with the management of the clubs in order to obtain the necessary information or clarifications to support our analysis.

The Financial Statements utilised for the purpose of KPMG's analysis were acquired from the relevant public sources in each country. In performing our analysis, we also relied upon information of a non-financial nature obtained from publicly available sources: national governing bodies, trade associations, international federations and social media.

The team responsible for the production of this report has relied on information included in the published Financial Statements of each club. KPMG professionals have not performed any verification work or audited any of such financial information or any of the non-financial publicly available data obtained from other sources considered authoritative.

The squad market values have been calculated using the KPMG's Player Valuation tool. Based on proprietary algorithms, this tool provides market values for all players from the top professional leagues in Europe and South America (Belgium, England, France, Germany, Italy, Netherlands, Portugal, Spain, Turkey, Argentina and Brazil).

The estimated players' market values are aimed at capturing the worth of a player based on an analysis of several thousands of past player transfers, historical sports performance and all the drivers that have an impact on the transfer fees. Our consistent approach and methodology, together with an understanding of the difference between the concept of price and value, might explain the possible discrepancies between our value estimate conclusion and the specific price at which a transaction has taken place.

Whilst every effort has been made by KPMG to make the analysis between professional football clubs consistent and comparable, in undertaking this research we faced several challenges which are difficult to overcome. Differences of accounting practice in the respective countries, differences in reporting currencies, fluctuation in exchange rates , and differences in year-ends limit to a certain extent the comparability of data and affect the outcome of our analysis.

KPMG makes no representations nor provides any warranties regarding the accuracy or completeness of the information contained in this report. KPMG, its managers, directors, partners and employees expressly disclaim any and all liability for errors and omissions from the report. Acceptance and/or use of this report constitutes acceptance of the assumptions and limiting conditions included therein.

For interpretation of financial terms used in this report, please refer to the methodology section of the Data & Analytics page of KPMG's footballbenchmark.com website.

[1]In order to conduct cross-league analysis and comparison, where the local currency is not the euro, KPMG has converted all local currency figures using the average exchange rate for the twelve months prior to 30 June 2019.

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