KPMG

The European Champions Report 2019

January, 2019

KPMG Sports Advisory Practice

footballbenchmark.com

What is KPMG Football Benchmark?

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

Club finance & operations

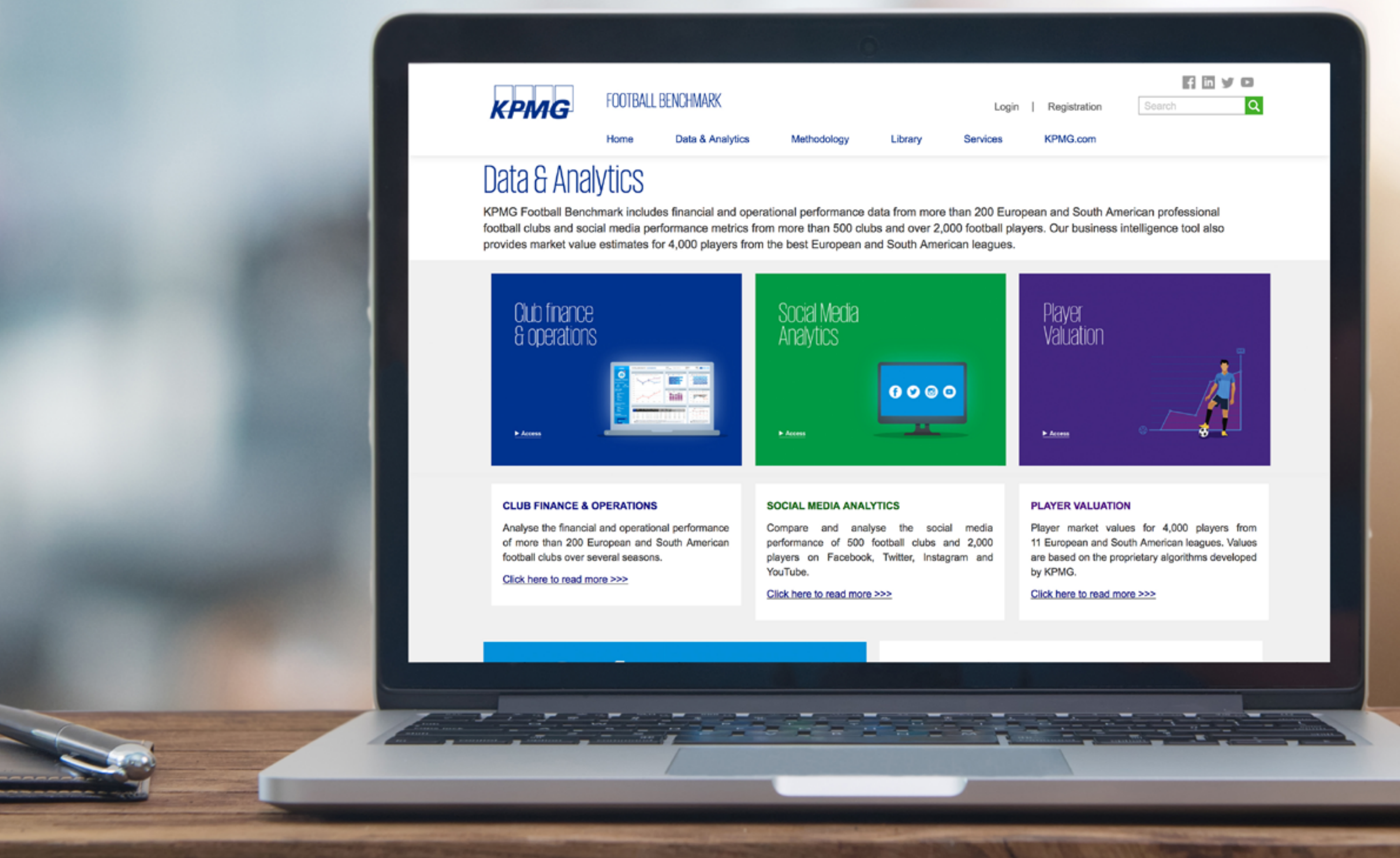
A consolidated and verified database of the financial and operational performance of over 200 football clubs, both in Europe and South America.

Social Media Analytics

An updated and historical tracking of the social media activity of 500+ football clubs and 2,000+ footballers.

Player Valuation

A proprietary algorithm, which calculates the market value of 4,700 football players from nine European and two South American leagues.



Foreword

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The 2017/18 season has been characterised by fierce competition of teams to retain their spots at the top of rankings in Europe. Only FC Bayern München and Juventus FC managed to confirm their leadership in Bundesliga and Serie A, winning their sixth and seventh titles in a row, respectively, while the other six leagues surveyed have seen a new champion emerge.

FC Barcelona, Paris Saint-Germain FC and PSV Eindhoven are back in our report after just one year of absence. The *Blaugrana* won La Liga for the 25th time in their history, a fair "consolation prize" after seeing historical rivals Real Madrid CF winning their third UEFA Champions League in a row, while Paris Saint-Germain FC dominated the Ligue 1, after the unexpected triumph of AS Monaco FC in the previous season. The Dutch Eredivisie proclaimed the city of Eindhoven as the Netherlands' football capital for the 24th time in its history. Finally, three clubs regained championship after several years, and thus made their first-ever appearance in our report: FC Porto, Galatasaray SK and Manchester City FC. The *Cityzens* broke records in the English Premier League, finishing 19 points ahead of city rivals Manchester United FC, and building a team that now has a hunger to succeed also on the European stage.

In the third edition of "The European Champions Report", KPMG's Football Benchmark team pays tribute to the champions of Europe's most prominent leagues in the 2017/18 season, reviewing and comparing some of their most relevant business performance indicators to provide perspective on these clubs' future. **We exclusively focus on the domestic league champions from eight of the main leagues: *FC Barcelona, FC Bayern München, FC Porto, Galatasaray SK, Juventus FC, Manchester City FC, Paris Saint-Germain FC and PSV Eindhoven*.**

For the third year in a row, football continues to demonstrate its brawn as a growing industry, with **operating revenues (net of transfer proceeds) increasing for six of the eight clubs examined herein,** Juventus FC and PSV Eindhoven are the exceptions.

In particular, Galatasaray SK showed the highest year-on-year operating revenue increase, of 19% (50% in local currency[1]). **FC Barcelona, with total operating revenues of EUR 689 million, are the richest club among the eight champions reviewed in our study**, and the second one overall behind Real Madrid CF, whose operating revenues reached EUR 743 million at the end of the 2017/18 season.

The positive revenue trend can be mainly attributed to the rise of Commercial revenues. This income item grew for all eight clubs, with FC Bayern München confirming their primacy in this area, reaching EUR 316 million[2]. Commercial represents the source of revenue with the highest impact on total turnover for six of the eight European champions, with FC Porto and Juventus FC being the only two exceptions. Interestingly though, these two clubs are the best performers in terms of year-on-year Commercial income's growth, with an increase of 43% and 21%, respectively.

The analysis undertaken in this study, despite some differences among the various clubs, **highlights the prominence that commercial expansion is gaining: while Matchday income is capped by stadium capacity and Broadcasting is limited by multi-year deals, effective management decisions and strategies, supported by adequate sporting performance, can exploit yearly commercial opportunities.**

As revenues increased, so did personnel costs. The historic transfer of Brazilian striker Neymar from FC Barcelona to Paris Saint-Germain FC for EUR 222 million, and the "domino effect" that it caused with the *Blaugrana* acquiring Dembélé and Coutinho as substitutes, were some of the main contributors to Staff cost increases for these two clubs. Indeed, **FC Barcelona registered the most remarkable year-on-year increase (+42%), recording more than half a billion euros for the first time in the history of football (EUR 562 million), while PSG reached EUR 332 million (an increase of +20%).** Cost control remains a key issue for football clubs, as the increase in the staff costs/operating

[1]In order to conduct cross-league analysis and comparison, where the local currency is not EUR, for the purposes of this report all local currency figures have been converted using the average exchange rate for the 12 months prior to 30 June 2018.

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

revenue ratio for all the European champions, with only the exception of Manchester City FC, demonstrates. In this scenario, three clubs have exceeded the 70% threshold, a parameter monitored by UEFA (FC Barcelona 81%, FC Porto 80% and Galatasaray SK 71%). Despite this general costs increase, **five clubs out of the eight obtained a positive after-tax result in the 2017/18 season**, with the three clubs registering a loss being FC Porto, Galatasaray SK and Juventus FC.

Football players represent the core asset for football clubs and their transfers continuously grab the headlines, as clubs fight to secure the top talent available.

In this year's report, **we provide information on the eight European champions' squads' market value, based on KPMG's proprietary *Player Valuation Tool*, which estimates the market value of players as at 1 January 2019. Manchester City FC possess the most valuable team (EUR 1,182 million), while at the players' level, Neymar is the most valuable footballer (EUR 229 million), followed by Kylian Mbappé (EUR 215 million) and Lionel Messi (EUR 203 million).**

Football is undergoing an important phase of change from a business point of view, with top clubs moving towards an entertainment company model, transforming football organisations into real global brands, capable of attracting not only fans, but actual customers, and thus capturing audiences from all over the world.

We hope that you enjoy this year's report and encourage you to explore www.footballbenchmark.com, KPMG's football business intelligence tool and the primary source of financial data in the football industry.

Highlights

Key performance indicators

Club	Operating revenues 2017/18 season in EUR million	Total Staff costs 2017/18 season in EUR million	Profit/Loss after tax 2017/18 season in EUR million	Stadium utilisation rate 2017/18 season	Squad market value as at 1st January 2019 in EUR million	Social media followers* as at 1st January 2019 in million
FC Barcelona	689	562	+13	66%	1,101	225
FC Bayern München**	596	303	+22	100%	764	72
FC Porto	106	85	-29	85%	232	6
Galatasaray SK	114	81	-49	79%	83	27
Juventus FC	402	259	-19	94%	792	67
Manchester City FC	568	293	+12	98%	1,182	59
Paris Saint-Germain FC	542	332	+32	98%	896	64
PSV Eindhoven	62	35	+0.2	95%	160	2

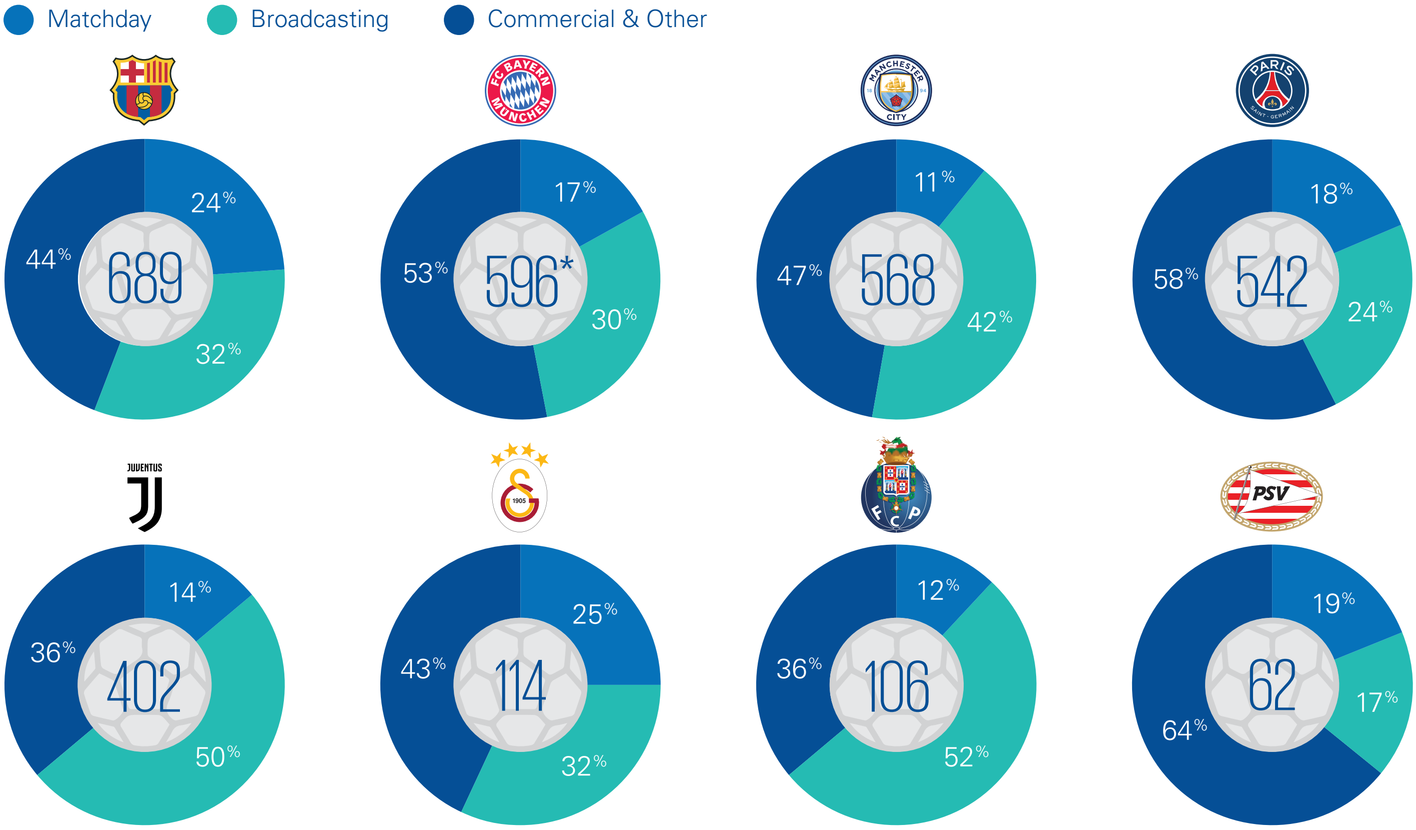
Note: Facebook, Instagram , Twitter and YouTube combined.

***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

Revenues overview (2017/18 season)

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



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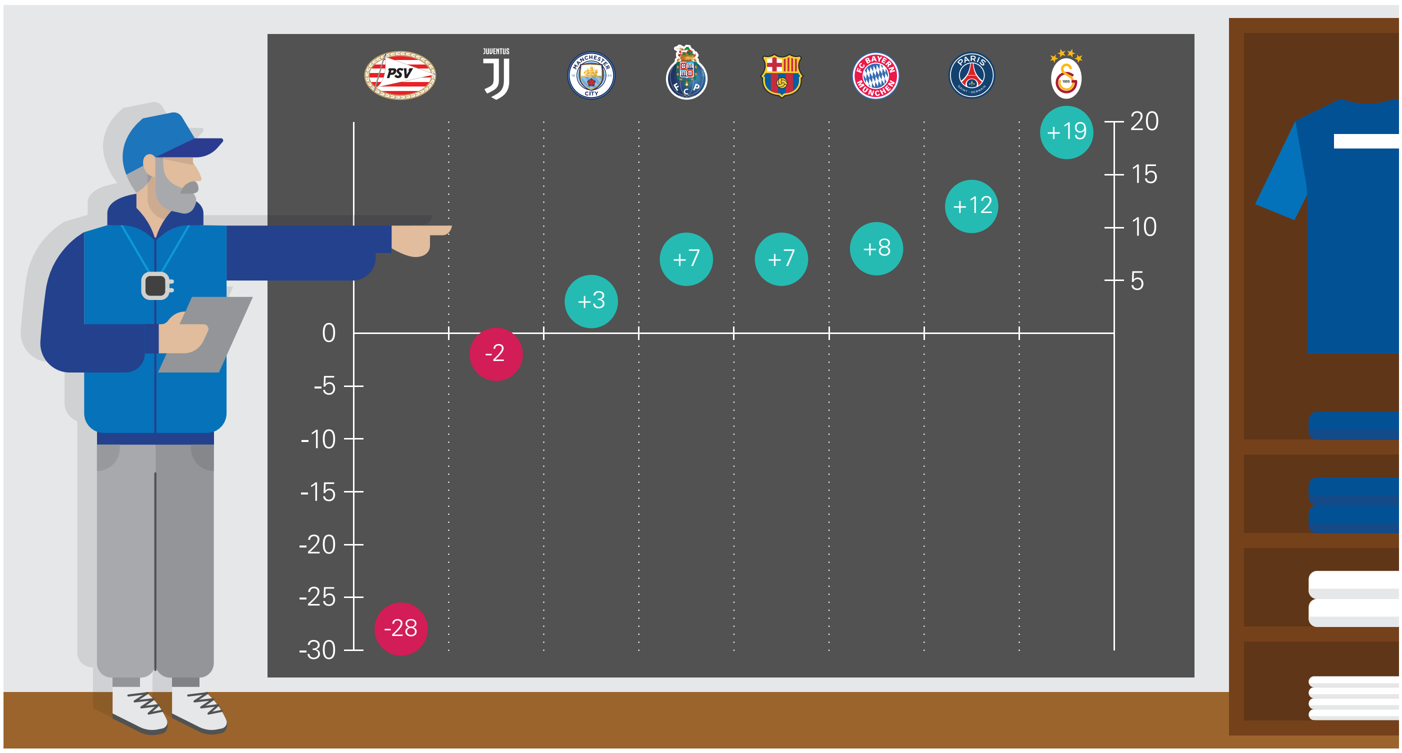
Source: KPMG Football Benchmark

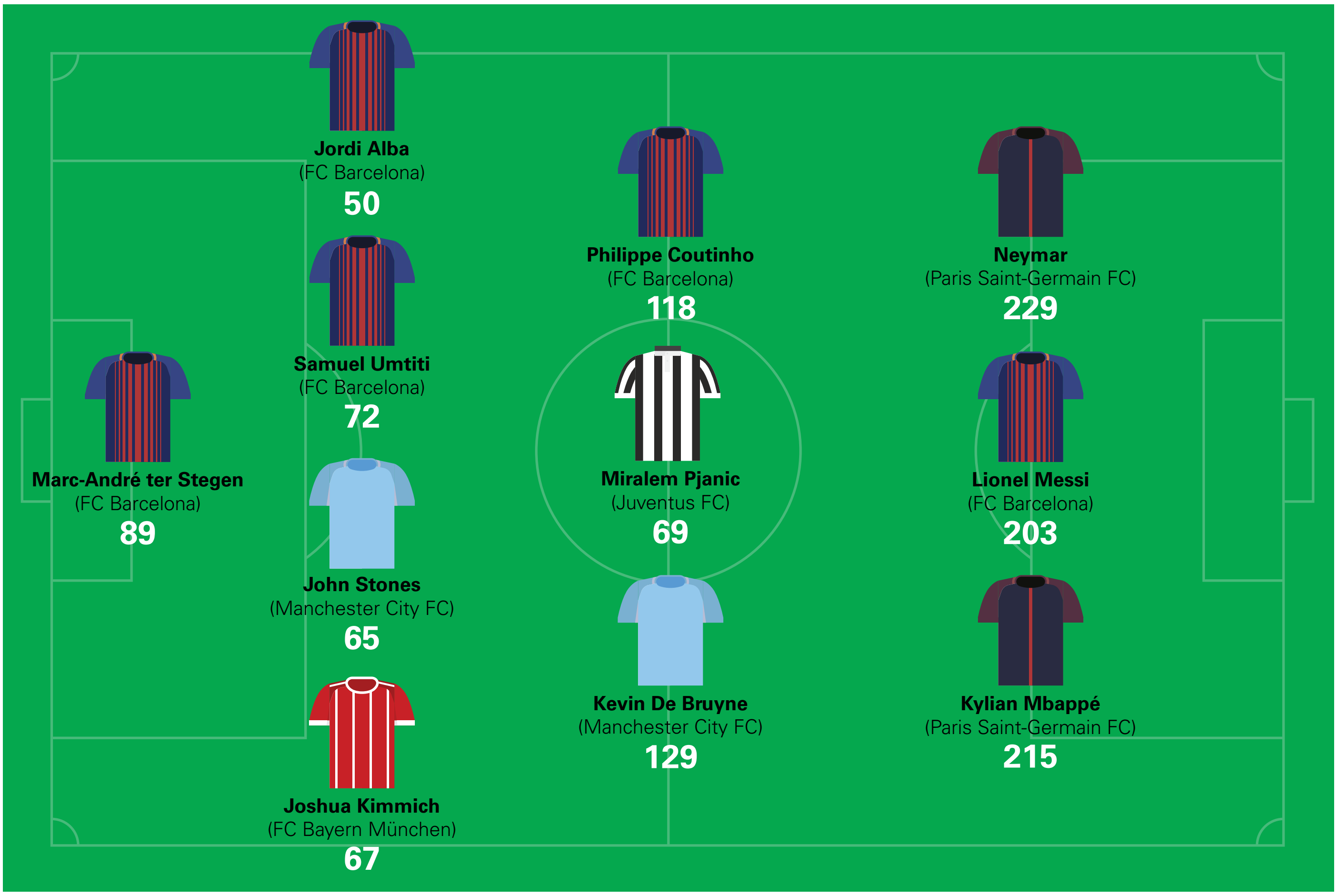
Revenues trend year-on-year in %



Source: KPMG Football Benchmark

Dream Team of the Most Valuable Players among the 8 European champions

Market value in EUR million as at 1st January 2019



Source: KPMG Football Benchmark

Key performance indicators: most remarkable year-on-year changes by club

FC Barcelona
Staff costs
+42%

FC Bayern München
Broadcasting revenues
+20%

FC Porto
Commercial revenues
+43%

Galatasaray SK
Average attendance
+118%

Juventus FC
Profit after tax
-62
EUR million

Manchester City FC
Enterprise Value
+181
EUR million

Paris Saint-Germain FC
Staff costs
+20%

PSV Eindhoven
Broadcasting revenues
-68%

Source: KPMG Football Benchmark

FC Barcelona

La Liga

Key performance indicators

Financial and operational figures (2017/18) in EUR million

Source: KPMG Football Benchmark - Club finance & operations

Matchday	164.0
Broadcasting	220.1
Commercial & other	305.0
Total operating revenues	**689.1**

YoY Operating revenues growth 7%

Total staff costs	**561.6**

Staff costs / Operating revenues 81%

Pre-tax profit/loss	**20.1**
Profit/loss after tax	**12.9**

Domestic league average attendance	**65,824**
Camp Nou capacity	**99,354**

Utilisation rate 66%

Squad market value in EUR million as at 1st Jan, 2019 — 1,101

Source: KPMG Football Benchmark - Player Valuation

Top 3 most valuable players:

1	**Lionel Messi** (Argentina)	**203**
2	**Philippe Coutinho** (Brazil)	**118**
3	**Marc-André ter Stegen** (Germany)	**89**

Total social media followers in million as at 1st Jan, 2019 — 225

Source: KPMG Football Benchmark - Social Media Analytics

Enterprise Value in EUR million as at 1st Jan, 2018 — 2,783 (3rd place)

Source: KPMG Football Clubs' Valuation: The European Elite 2018

After taking their place behind historical rivals Real Madrid CF in 2016/17, the 2017/18 season saw FC Barcelona topping the league again, securing their 25th Spanish title. The *Blaugrana*'s trophy room has also been enriched by the *Copa del Rey*, won in the final against Sevilla FC, and the Spanish Super Cup. However, after the historical *remuntada* at the expense of Paris Saint-Germain FC in the previous UEFA Champions League campaign, it was FC Barcelona's turn to suffer a great comeback by AS Roma, resulting in the former's elimination at the quarter-finals for the third year in a row.

Financially, **FC Barcelona earned operating revenues of EUR 689.1 million, a 7% year-on-year increase** that allowed Barça to surpass Manchester United FC (EUR 665.8 million) and move into second place after Real Madrid CF (EUR 742.5 million) in terms of operating revenue ranking in world football. On the other hand, **FC Barcelona are undoubtedly the leading club for turnover among the 2017/18 European champions**, overcoming second-placed FC Bayern München by 16%.

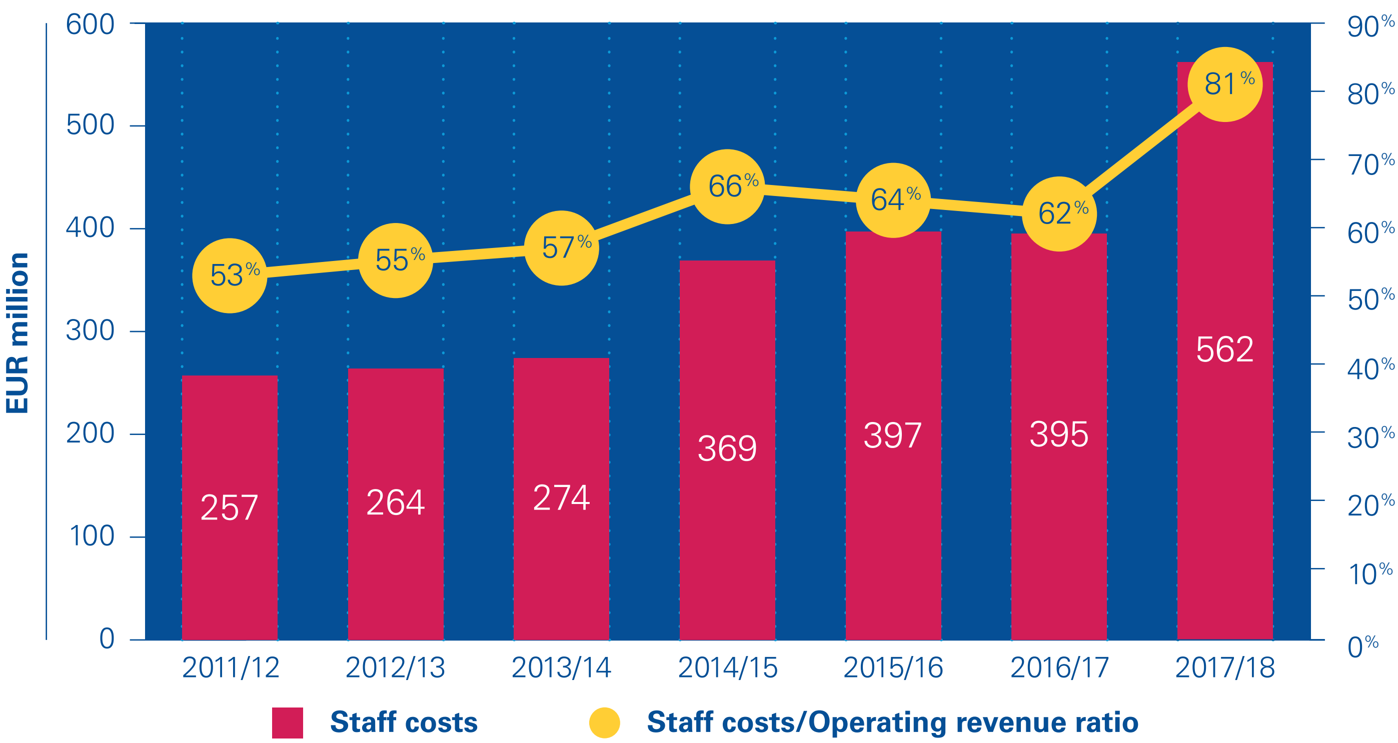
The turnover increase is mainly due to better Matchday results (EUR 164 million, +15% year-on-year), thanks to improved performance in season ticket sales (+EUR 9.1 million) and friendlies (+13.8 million). By contrast, **Camp Nou's utilization rate decreased from 78% to 66%**, showing how difficult it is for a club of the magnitude of the Catalans to constantly sell out the 99,000-seater stadium. It remains to be seen how the announced future investments in the club's stadium, with planned expansion of up to 105,000 spectators, will affect Camp Nou attendance. **The main source of revenue remained Commercial (EUR 305 million) and Broadcasting (EUR 220.1 million)**, accounting for 44% and 32%, respectively, of total operating revenue. Meanwhile, **Commercial revenues have grown by 6%, mainly thanks to a new deal with main shirt sponsor Rakuten (for EUR 55 million/year)**, a Japanese e-commerce and internet company.

Moving to the cost side, **the *Blaugrana* exhibit the highest Staff costs of the eight clubs with EUR 561.6 (+42% year-on-year, +119% in the past seven seasons)** and a staff cost/operating revenue ratio of 81% (+19% year-on-year) among the clubs included in our report. This figure not only represents a record for the football industry, but for sport in general, making **FC Barcelona the biggest spender in Staff costs among any sports team.** The main reasons for this are the contract renewal of, among others, Lionel Messi, new signings made over the transfer windows, and bonuses paid on such contracts.

Despite significant increases in Staff costs, **the club managed to maintain a positive bottom-line result of EUR 12.9 million, mainly a consequence of the extraordinary profits on the disposal of players' registrations totalling EUR 209 million**. This value was **derived principally from the much-debated transfer of Brazilian superstar Neymar** for the record amount of EUR 222 million to Paris Saint-Germain FC. At the same time, the overall player trading result was partially curtailed by the new investments made to replace the Brazilian forward, with special reference to the acquisitions of Ousmane Dembélé and Philippe Coutinho, which almost doubled the amortisation of the squad.

In the first part of the 2018/19 season, FC Barcelona are confirming their leadership of La Liga and have easily won their UEFA Champions League group. In the near future, a crucial aspect will be the development of the new stadium, which for the first time in the club's history could include naming rights, a project that will likely generate significant additional revenue.

Staff costs and Staff costs/Operating revenue ratio evolution (2011/12 - 2017/18)



Source: KPMG Football Benchmark

FC Bayern München

Bundesliga

Key performance indicators

Financial and operational figures* (2017/18) in EUR million

Source: KPMG Football Benchmark - Club finance & operations

Matchday	103.8
Broadcasting	176.7
Commercial & other	315.6
Total operating revenues	**596.1**

YoY Operating revenues growth 8%

Total staff costs	**302.5**

Staff costs / Operating revenues 51%

Pre-tax profit/loss	**34.8**
Profit/loss after tax	**22.0**

Domestic league average attendance	**75,000**
Allianz Arena capacity	**75,000**

Utilisation rate 100%

Squad market value in EUR million as at 1st Jan, 2019 764

Source: KPMG Football Benchmark - Player Valuation

Top 3 most valuable players:

1	**Robert Lewandowski** (Poland)	**87**
2	**James Rodríguez** (Colombia)	**68**
3	**Joshua Kimmich** (Germany)	**67**

Total social media followers in million as at 1st Jan, 2019 72

Source: KPMG Football Benchmark - Social Media Analytics

Enterprise Value in EUR million as at 1st Jan, 2018 2,552 (4th place)

Source: KPMG Football Clubs' Valuation: The European Elite 2018

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

The 2017/18 Bundesliga campaign did not start in the most optimal way for FC Bayern München, with Italian manager Carlo Ancelotti replaced by Jupp Heynckes at the end of September. Despite the difficult start, Bayern's dominance on the German landscape has been confirmed: the Bavarian club won their 28th *Meisterschale*, with 21 points ahead of the second-placed FC Schalke 04.

The 6th title in a row, and the UEFA Champions League journey up to the semi-finals, took **operating revenues to a new record of EUR 596.1 million[1] net of transfer proceeds (EUR 629.2 million at group level)**, an 8% year-on-year increase. Thanks to these figures, FC Bayern München found themselves in second position in terms of operating revenues among the eight clubs analysed in this report, behind only FC Barcelona (EUR 689.1 million).

The revenue stream showing the highest year-on-year increase is Broadcasting (EUR 176.7 million, +20%), **benefitting from the new Bundesliga domestic broadcasting agreement which kicked-off in the 2017/18 season, worth approximately EUR 1.2 billion per year** and representing a remarkable 85% increase on the previous cycle. This new deal, which runs until the 2020/21 season, represents the 3rd most lucrative domestic broadcasting deal in Europe, after the English Premier League and the Spanish La Liga. As in previous years, **revenues were mainly driven by Commercial income, which increased up to EUR 315.6 million, the highest value registered among the 2017/18 European champions**. Precisely, Commercial income accounts for 53% of the total revenues, making FC Bayern München one of the clubs that best exploit Sponsorship and Merchandising revenue streams. Matchday revenues (EUR 103.8 million) increased by 6% year-on-year, confirming the exceptional statistics of Allianz Arena, which registered a sell-out for the 3rd season in a row.

In this season, FC Bayern München demonstrated their great efforts to operate sustainably and to distribute dividends to their shareholders.
For this reason, it should come as no surprise that, **at 51%, they are the club with the lowest staff costs/operating revenue ratio among the eight European champions covered in this report**.

In order to maintain their competitiveness, the club continued to invest in the squad, bringing Colombian playmaker James Rodríguez from Real Madrid CF on a two-year loan, and midfielder Corentin Tolisso from Olympique Lyonnais, among others, to München. These investments have increasingly widened the gap with other German clubs: the current market value of the squad is EUR 764 million, EUR 265 million more than that of Borussia Dortmund, the second most valuable squad in Germany.

Despite such clear dominance on the domestic stage in the past few seasons, the first part of the 2018/19 season has seen a leadership change at Bundesliga, with Borussia Dortmund graduating as winter champions and FC Bayern München currently trailing behind.
The UEFA Champions League path was easier, with a comfortable qualification to the Round of 16, where the club will face a tough opponent like Liverpool FC. Failure to win the league might negatively affect the club's economic results for the next financial year; in this sense, international success will be even more crucial to compensate for this decrease and to continue the Commercial development of the club.

[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

FC Porto

Primeira Liga

Key performance indicators

Financial and operational figures (2017/18) in EUR million

Source: KPMG Football Benchmark - Club finance & operations

Matchday	13.1
Broadcasting	54.6
Commercial & other	38.1
Total operating revenues	**105.8**

YoY Operating revenues growth 7%

Total staff costs	**84.8**

Staff costs / Operating revenues 80%

Pre-tax profit/loss	**-28.0**
Profit/loss after tax	**-29.0**

Domestic league average attendance	**42,632**
Estádio Do Dragão capacity	**50,033**

Utilisation rate 85%

Squad market value in EUR million as at 1st Jan, 2019 232

Source: KPMG Football Benchmark - Player Valuation

Top 3 most valuable players:

1	**Alex Telles** (Brazil)	**25**
2	**Moussa Marega** (Mali)	**24**
3	**Yacine Brahimi** (Algeria)	**22**

Total social media followers in million as at 1st Jan, 2019 6

Source: KPMG Football Benchmark - Social Media Analytics

Enterprise Value in EUR million as at 1st Jan, 2018 N/A

Source: KPMG Football Clubs' Valuation: The European Elite 2018

In the 2017/18 season, FC Porto managed to interrupt SL Benfica's dominance in the Portuguese Primeira Liga, as the latter had been winners in the previous four seasons. The *Dragões* won their 28th Portuguese title, ending their league 7 points ahead of their historical rivals from Lisbon, and also lifted the *Supertaça Cândido de Oliveira* (Portuguese Super Cup) following their contest with Clube Desportivo das Aves. Moreover, FC Porto participated in the UEFA Champions League for the 7th consecutive season, finishing at the Round of 16, where they were eliminated by eventual finalists Liverpool FC.

FC Porto's operating revenues reached EUR 105.8 million (a 7% year-on-year increase), the second highest figure in the Portuguese landscape after SL Benfica (EUR 121.5 million). Main sources of revenue for the club were Broadcasting (EUR 54.6 million) and Commercial (EUR 38.1 million), accounting for 52% and 36% of total turnover, respectively. Broadcasting revenues from domestic competitions, which in the Primeira Liga are sold on a club-by-club basis rather than collectively, remained flat. This scenario will change starting from the current campaign, as **FC Porto penned a new agreement with Altice-affiliated Portugal Telecom coming into effect from 2018/19 for 10 years. This new deal**, signed in 2015, **represents the largest TV broadcasting rights deal in the history of Portuguese sports, with a total value of approximately EUR 458 million**, and it also includes the right to use advertising space at Estádio do Dragão. **On the European stage**, participation to the top flight competition remains vital, as **FC Porto have registered the highest UEFA dependence ratio among the eight clubs covered in this report: UEFA Champions League prize money (EUR 30.9 million) accounts for 29% of total turnover**.

Commercial revenues showed the highest year-on-year growth, equivalent to an increase of +43%. Such growth is the result, as pointed out by their administrators, of the reclassification of "corporate hospitality" receipts (EUR 9.5 million) from Matchday to the Commercial area, and of an increase in Merchandising income (+ 22%, EUR 6.3 million).

In parallel, finishing first in the league contributed to an 8% year-on-year increase in Staff costs (EUR 84.8 million); this figure makes **FC Porto's staff costs/ operating revenue ratio of 80% the second highest** (after FC Barcelona) **among the eight clubs analysed in our study.**

The club continued to profit from player trading to partially balance the books, and the disposals of Diogo Dalot and Ricardo Pereira to Manchester United FC and Leicester City FC, for EUR 22 million and EUR 20 million, respectively, represent the perfect example of the club's business model, which is based on nurturing and acquiring young players who can be sold at a premium. **Despite the positive results in player trading, the club registered a loss after tax of EUR 29 million, a slight improvement compared to the 2016/17 loss of EUR 35.2 million.** Due to failure to comply with the break-even requirement as per UEFA Financial Fair Play Regulations, FC Porto agreed upon a settlement agreement with UEFA in 2017; at the end of the 2017/18 season the club have met the targets set, and will remain in the settlement regime until 2020/21.

During the first half of the current season, the *Dragões* managed to retain the lead of Primeira Liga, while in the UEFA Champions League they won their group, qualifying for the knock-out phase, where they will face AS Roma. As pointed out by administrators, the aforementioned new domestic broadcasting deal and the new, more remunerative UEFA distributions' cycle which kicked-off at the beginning of the ongoing season, provide hope that the club will be in shape to reverse its current economic standing.

Credits: FC Porto

Galatasaray SK

Süper Lig

Key performance indicators

Financial and operational figures (2017/18) in EUR million

Source: KPMG Football Benchmark - Club finance & operations

Matchday	28.1
Broadcasting	36.8
Commercial & other	49.2
Total operating revenues	**114.1**

YoY Operating revenues growth 19%

Total staff costs	**80.9**

Staff costs / Operating revenues 71%

Pre-tax profit/loss	**-50.4**
Profit/loss after tax	**-49.5**

Domestic league average attendance	**41,050**
Türk Telekom Arena capacity	**52,223**

Utilisation rate 79%

Squad market value in EUR million as at 1st Jan, 2019 — 83

Source: KPMG Football Benchmark - Player Valuation

Top 3 most valuable players:

1	**Badou Ndiaye** (Senegal)	**12**
2	**Henry Onyekuru** (Nigeria)	**9**
3	**Emre Akbaba** (Turkey)	**7**

Total social media followers in million as at 1st Jan, 2019 — 27

Source: KPMG Football Benchmark - Social Media Analytics

Enterprise Value in EUR million as at 1st Jan, 2018 — 330 (25th place)

Source: KPMG Football Clubs' Valuation: The European Elite 2018

After two years of dominance by city rivals Beşiktaş JK, in 2017/18 Galatasaray SK have been able to re-establish their domestic primacy, lifting their 21st Turkish Süper Lig trophy. Better on-pitch performance and the commencing of a new, USD 600 million a year domestic TV deal at league level, were the main drivers for a **19% year-on-year increase in operating turnover (EUR 114.1 million)**. Such an increase amounts to 50% in local currency, a significant difference attributable to the weakening of the Turkish Lira[1].

The 2017/18 season saw the club coming back to the international stage, although suffering an early elimination in the UEFA Europa League preliminary rounds by Swedish side Östersunds FK. **For the previous, 2016/17 campaign the club was banned from UEFA competitions** due to failure to comply with the terms of a Financial Fair Play settlement agreement that they had entered into with UEFA in May 2014. In its referral decision in March 2016, the Club Financial Control Body Chief Investigator stated that one of the main reasons for this was the club's inability to control expenses, as both transfer and personnel expenses had increased. **In October 2018, UEFA announced that Galatasaray SK were still not in compliance with Financial Fair Play Regulations** and agreed to conclude another settlement agreement, showing how the international body decided to implement a softer sanction this time. The club will be monitored until the 2021/22 football season, when break-even will have to be undertaken, reporting a maximum loss of EUR 20 million in 2018/19 and EUR 10 million in 2019/20. In addition to that, among other sanctions imposed, Galatasaray SK will have to pay a fine of EUR 15 million (EUR 9 million are conditional and depending on the club's compliance).

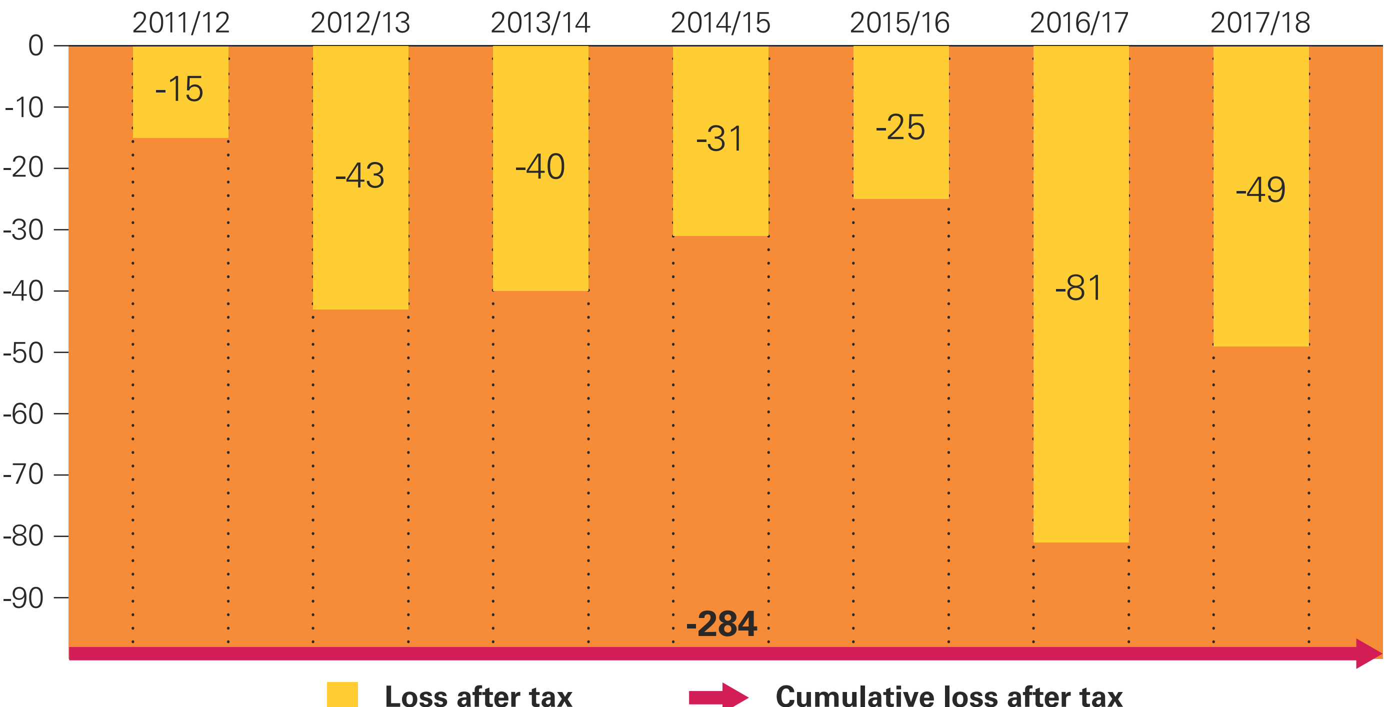
Improved on-pitch results drove a 63% year-on-year increase in Matchday revenues, something also bolstered by a remarkable boost in average attendance, which more than doubled compared to the previous season. In the commercial stream, Merchandising income (+23%) showed the greatest increase. The club maintained significant efforts to hoist themselves back up atop the league, as demonstrated by the 20% Staff costs increase; however, considering turnover has grown at the same rate, staff costs/operating revenue ratio remained stable at 71%.

Galatasaray SK reported a net loss of EUR 49.5 million in 2017/18, representing a 39% improvement in comparison to the previous financial year, attributable to various factors. On one hand, player trading activities facilitated profits on disposal of players that were five times higher than those for the previous season (EUR 23 million). On the other hand, the financial operations of the club (- EUR 25 million) played a substantial role in weighing down the bottom-line, especially due to foreign exchange losses and bank interest payments, partially offset by financial income from related parties.

UEFA's settlement agreement requires Galatasaray SK to register, as mentioned above, **a maximum loss of EUR 20 million in 2019, meaning the Turkish side would have to at least halve the current deficit**. The 2018/19 season has seen the club make their mark on the international scene again, taking part in the UEFA Champions League group stage. Despite ending up 3rd in the table, and being consequently demoted to UEFA Europa League for the second half of the season, the club will likely take advantage of UEFA distributions at the end of the year, resources that might prove key in complying with the Financial Fair Play Regulations.

[1] *Exchange rate in 2016/17: 1 EUR = 3.68 TRY; exchange rate in 2017/18: 1 EUR = 4.63 TRY.*

Loss after tax evolution (2011/12 - 2017/18) in EUR million



Source: KPMG Football Benchmark

Juventus FC

Serie A

Key performance indicators

Financial and operational figures (2017/18) in EUR million

Source: KPMG Football Benchmark - Club finance & operations

Matchday	57.2	
Broadcasting	200.2	
Commercial & other	144.9	
Total operating revenues	**402.3**	YoY Operating revenues growth -2%
Total staff costs	**259.0**	Staff costs / Operating revenues 64%
Pre-tax profit/loss	**-10.0**	
Profit/loss after tax	**-19.2**	
Domestic league average attendance	**38,948**	
Allianz Stadium capacity	**41,500**	Utilisation rate 94%

Squad market value in EUR million as at 1st Jan, 2019: 792

Source: KPMG Football Benchmark - Player Valuation

Top 3 most valuable players:

1	**Cristiano Ronaldo** (Portugal)	**107**
2	**Paulo Dybala** (Argentina)	**95**
3	**Miralem Pjanic** (Bosnia and Herzegovina)	**69**

Total social media followers in million as at 1st Jan, 2019: 67

Source: KPMG Football Benchmark - Social Media Analytics

Enterprise Value in EUR million as at 1st Jan, 2018: 1,302 (9th place)

Source: KPMG Football Clubs' Valuation: The European Elite 2018

The 2017/18 season has legitimised Juventus FC's primacy in the Italian domestic league with a record seventh Serie A title in a row. Such a historic milestone did not prevent **operating revenues** from **dropping slightly by 2%, totalling EUR 402.3 million**, mainly due to a less successful UEFA Champions League campaign, being eliminated at the quarter-finals against the eventual winners, Real Madrid CF.

Consequently, **international broadcasting revenues have suffered a major decrease, from a record figure of EUR 110.3 million** registered in 2016/17, thanks to reaching the UCL final in Cardiff, **to EUR 78.2 million in 2017/18**, a 29% year-on-year decrease. Nevertheless, the *Bianconeri* are the club that received the most from UEFA distributions in the past five seasons (EUR 406 million on aggregate), even more than Real Madrid CF, winners of the major European trophy four times in this time span. One of the reasons for such a result is the distribution system applied by the European association up until 2018, with the market pool heavily affecting the allocation of money. With the new more remunerative distribution cycle starting from the 2018/19 season, the weight of the market pool has been diminished; it will be interesting to see how the new mechanism will affect clubs such as Juventus FC, who were the main beneficiaries of the old system.

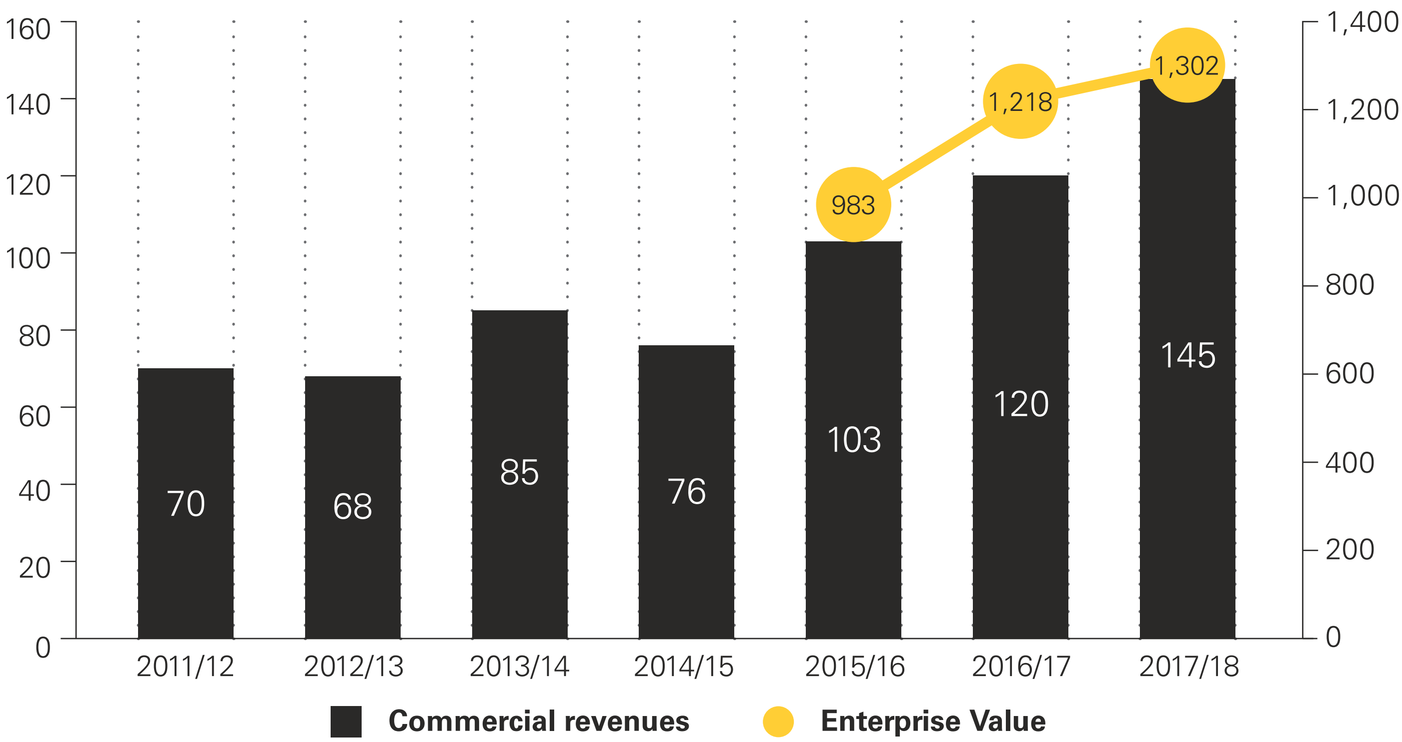
The on-pitch titles spurred growth of the *Bianconeri*'s Commercial revenue up to EUR 144.9 million in 2017/18, representing a 21% increase. Income from Sponsorships & Advertising (+16%) and Merchandising & Licensing (+45%) once again represents the main driver of such result. The 2017/18 season has also seen a name change for Juventus Stadium in favour of a title sponsor, Allianz, as a result of the outstanding contract for the naming rights disposal that had already guaranteed the club EUR 6.3 million per year in the 2011 (year of inauguration of the stadium) – 2023 period.

During the 2017 summer transfer window, Juventus FC were particularly active by signing, among others, Brazilian winger Douglas Costa (for EUR 46 million), Italian talent Federico Bernardeschi (EUR 40 million) and future World Cup winner Blaise Matuidi (EUR 20 million). Despite such squad investments, **total Staff costs remained stable and so did the staff costs/operating revenue ratio (64%).**

The bottom-line result shows a drastic drop resulting in a loss of EUR -19.2 million, the main reason being the lower profits on disposal of players (-33%), which last year were heavily impacted by the record sale of Frenchman Paul Pogba.

Summer 2018 will be long remembered by Juventus FC's fans. The club have been able to land one of the most iconic players in the recent football history, Portuguese superstar Cristiano Ronaldo, 5-time *Ballon d'Or winner*. As mentioned in KPMG's Ronaldo Economics report, "CR7" could provide Juventus FC with sporting, media, branding and economic benefits that might outpace any related costs, allowing the club to increasetheir revenues, profitability and, ultimately, enterprise value over the next several years, when major football clubs are expected to become true entertainment and media corporations.
In the meantime, his acquisition has already generated an impact for the club from a social media standpoint (seeing a +34% increase in Juventus FC's followers in the 6 months following the announcement), lifting the club up to 6th position among the most followed clubs on social media.

Commercial revenues and Enterprise Value evolution (2011/12 - 2017/18) in EUR million



Source: KPMG Football Benchmark and KPMG Football Clubs' Valuation: The European Elite

Manchester City FC

Premier League

Key performance indicators

Financial and operational figures (2017/18) in EUR million

Source: KPMG Football Benchmark - Club finance & operations

Matchday	63.9
Broadcasting	238.7
Commercial & other	265.6
Total operating revenues	**568.1**

YoY Operating revenues growth 3%

Total staff costs	**293.0**

Staff costs / Operating revenues 52%

Pre-tax profit/loss	**11.8**
Profit/loss after tax	**11.8**

Domestic league average attendance	**53,812**
Etihad Stadium capacity	**55,017**

Utilisation rate 98%

Squad market value in EUR million as at 1st Jan, 2019 — 1,182

Source: KPMG Football Benchmark - Player Valuation

Top 3 most valuable players:

1	**Kevin De Bruyne** (Belgium)	129
2	**Raheem Sterling** (England)	110
3	**Leroy Sané** (Germany)	100

Total social media followers in million as at 1st Jan, 2019 — 59

Source: KPMG Football Benchmark - Social Media Analytics

Enterprise Value in EUR million as at 1st Jan, 2018 — 2,160 (5th place)

Source: KPMG Football Clubs' Valuation: The European Elite 2018

During the 2017/18 season, Manchester City FC won their 5th English title, breaking a series of performance-related records including most goals scored (106) and most games won (32), as well as being the first team to reach 100 points. The club also celebrated a League Cup and progressed to the quarter finals of the UEFA Champions League, where they were eliminated by domestic rivals Liverpool FC.

Record achievements were also registered off the pitch, where **operating revenues reached EUR 568.1 million**, driven by increases mainly in Commercial and Matchday revenues of 4% and 6% year-on-year, respectively. Commercial revenue (EUR 265.6 million) represents the main source of income at 47% of total operating turnover, followed by Broadcasting, comprising EUR 238.7 million (42% of the total). **Etihad Airways' partnership is** one of the most prominent deals for the club, **guaranteeing EUR 45 million as the main shirt sponsor and EUR 11 million per year for the naming rights to the stadium**. Moreover, *Cityzens'* commercial growth does not look to ebb thanks to new global partners joining the club, like Gatorade, Tinder and Marathonbet.

Ten years after its takeover, the Abu Dhabi United Group did not lose its will to invest into the club in order to increase constantly the quality of the squad, by acquiring the best talents across the main leagues. In the 2017/18 season in particular, more than EUR 300 million was invested to bring to Manchester, among others, French central defender Aymeric Laporte and full backs Benjamin Mendy and Kyle Walker. The *Sky Blues* built a real "dream team", flaunting a **squad's market value of EUR 1.2 billion, the highest squad market value according to KPMG's *Player Valuation Tool***. Their *tiki-taka* master, Pep Guardiola, can rely on five of the top 25 most valuable players to pursue the dream of the UEFA Champions League. **Belgian attacking midfielder Kevin De Bruyne (EUR 129 million) represents the most precious star**, followed by Raheem Sterling (EUR 110 million) and Leroy Sané (EUR 100 million). Despite these investments, the *Cityzens* managed to reduce Staff costs by 5% year-on-year, from EUR 307.2 million to EUR 293 million; the club's staff costs/operating revenue ratio also decreased by four percentage points, to 52%.

Due to their policy of constantly pursuing the best players, Manchester City FC recorded a negative player trading balance (- EUR 107.5 million), but **their bottom-line remained positive, reaching EUR 11.8 million, a tenfold increase compared to the previous year**. This result highlights the efforts towards an increased sustainability that could lead the club to long-term financial stability. Indeed, **since 2011/12 the club has amassed EUR 151 million in losses, but the 2017/18 season represents the fourth year in a row with a positive after-tax result**.

In the current campaign, Manchester City FC picked up where they left off last season, claiming a comprehensive 2-0 win over Chelsea FC in the Community Shield, thanks to Sergio Agüero's double. The club is still very much in the Premier League title race, even after a slight dip in form in December. In the Champions League, after a shocking first match resulting in a home defeat against Olympique Lyon, Pep Guardiola's team managed to make it right and qualified for the Round of 16.

After establishing themselves among the elite of English football, the time is ripe for the club to also become a credible and consistent contender on the European stage, challenging the iconic superpowers and, specifically, attempting to bring the UEFA Champions League's trophy to the "light blue side" of Manchester for the first time.


Credits: Manchester City FC

Paris Saint-Germain FC

Ligue 1

Key performance indicators

Financial and operational figures (2017/18) in EUR million
Source: KPMG Football Benchmark - Club finance & operations

Matchday	100.7
Broadcasting	127.8
Commercial & other	313.3
Total operating revenues	**541.8**

YoY Operating revenues growth 12%

Total staff costs	**332.1**

Staff costs / Operating revenues 61%

Pre-tax profit/loss	**39.6**
Profit/loss after tax	**31.5**

Domestic league average attendance	**46,929**
Parc des Princes capacity	**47,929**

Utilisation rate 98%

Squad market value in EUR million as at 1st Jan, 2019 — 896
Source: KPMG Football Benchmark - Player Valuation

Top 3 most valuable players:

1	**Neymar** (Brazil)	**229**
2	**Kylian Mbappé** (France)	**215**
3	**Marquinhos** (Brazil)	**60**

Total social media followers in million as at 1st Jan, 2019 — 64
Source: KPMG Football Benchmark - Social Media Analytics

Enterprise Value in EUR million as at 1st Jan, 2018 — 1,142 (11th place)
Source: KPMG Football Clubs' Valuation: The European Elite 2018

Paris Saint-Germain FC (PSG) returned to winning their domestic title in 2017/18, the 7th in their history and the 5th in the last six seasons. *Les Parisiens* have also celebrated the victories of the *Coupe de France*, the *Coupe de la Ligue* and the *Trophée des champions*, while in the UEFA Champions League, dreams of glory were interrupted by eventual winners Real Madrid CF at the Round of 16.

Operating revenues reached a record level of EUR 541.8 million (a 12% year-on-year increase)**, mainly driven by Commercial & other revenues (EUR 313.3 million)**, accounting for 58% of the total. The French champions can rely on important deals with some of the major multinationals on the world stage, above all the main shirt sponsorship deal with Fly Emirates and the kit supplier agreement with Nike, both guaranteeing the club EUR 25 million per year, as well as a 20-year partnership with Coca-Cola recently renewed until 2021. **One of the ultimate aims of the Qatari owner is to make Paris Saint-Germain FC a global lifestyle brand**, able to attract new markets traditionally not covered by football clubs. **The recent, pioneering 3-year tie-up with Air Jordan** (the Nike subsidiary created for former basketball super star Michael Jordan) **is the most representative example** of the gradual mutation of Paris Saint-Germain FC from a mere football club into a global fashion brand.

This commercial development strategy is possible thanks to the many football stars hired by the club over the years. An inescapable consequence of this is the **steep rise in Staff costs**, which grew by 156% from 2011/12 to 2017/18, **achieving a record value of EUR 332.1 million** (+20% year-on-year), the second highest among the clubs covered in our report. As a consequence, the staff costs/operating revenue ratio surpassed the 60% threshold for the first time. Nevertheless, the 2017/18 bottom line result showed a remarkable increase on the previous season: from a loss of EUR 6.8 million up to a profit after tax of EUR 31.5 million.

Speaking of global football stars, **the 2017/18 season saw the *City of Lights* illuminated by two new precious ones: former FC Barcelona forward Neymar Jr. and French "golden boy" Kylian Mbappé**. The move of *O'Ney* in the Tour Eiffel's city, for a release clause of EUR 222 million, represents the most expensive transfer in football history, followed by Mbappé's purchase from AS Monaco FC for a reported EUR 180 million (an acquisition that occurred in summer 2017 but was completed in the summer of 2018 after a one year loan, thus having an impact starting from the 2018/19 financial year).

After the first half of the season, Paris Saint-Germain FC do not seem to have any credible rivals for the Ligue 1 title. In the current UEFA Champions League campaign PSG won their group and will play against Manchester United FC in the Round of 16. The ownership's ambitions on the commercial side are a crucial point for further consolidation of PSG as one of the top clubs in the world in the near future.

Credits: Paris Saint-Germain FC

PSV Eindhoven

Eredivisie

Key performance indicators

Financial and operational figures (2017/18) in EUR million

Source: KPMG Football Benchmark - Club finance & operations

Matchday	12.0
Broadcasting	10.6
Commercial & other	39.4
Total operating revenues	**62.1**

YoY Operating revenues growth -28%

Total staff costs	**34.6**

Staff costs / Operating revenues 56%

Pre-tax profit/loss	**0.2**
Profit/loss after tax	**0.2**

Domestic league average attendance	**33,344**
Philips Stadion capacity	**35,000**

Utilisation rate 95%

Squad market value in EUR million as at 1st Jan, 2019: 160

Source: KPMG Football Benchmark - Player Valuation

Top 3 most valuable players:

1	**Hirving Lozano** (Mexico)	**48**
2	**Steven Bergwijn** (Netherlands)	**18**
3	**Gastón Pereiro** (Uruguay)	**13**

Total social media followers in million as at 1st Jan, 2019: 2

Source: KPMG Football Benchmark - Social Media Analytics

Enterprise Value in EUR million as at 1st Jan, 2018: N/A

Source: KPMG Football Clubs' Valuation: The European Elite 2018

Dutch champions PSV Eindhoven, lifting their 3rd Eredivisie trophy in four years (24th overall), have once again established themselves as AFC Ajax's main contender, still leading the domestic landscape with 33 titles. However, **climbing back up to the top of the table did not prevent the club from showing a significant 28% decrease in operating revenues (which totalled EUR 62.1 million), due to failure to participate in the final stage of European competitions**. Interestingly, domestic peers AFC Ajax and Feyenoord Rotterdam, which placed 2nd and 4th in the Eredivisie, recorded turnover of EUR 91.9 million and EUR 99.4 million, respectively. While the former represents the most popular and competitive club in the Netherlands, the latter was able to take advantage of participation in the UEFA Champions League group stage.

Elimination in the UEFA Europa League third preliminary round against Croatian side Osijek **proved costly for PSV, who witnessed a drop in UEFA distributions from EUR 24.3 million in 2016/17** (thanks to participation in the UEFA Champions League Group Stage) **to EUR 1.6 million in 2017/18**. Due to the limited international appeal of the Dutch top flight, the size of the local broadcasting market and the ongoing 12-year agreement with Fox (EUR 80 million per season expiring in 2025), **Champions League prize money will remain, in the short-medium term, one of PSV's major revenue streams, underlining the importance of continuous participation in the competition**.

While both Matchday and Broadcasting income suffered decreases, **Commercial revenue displayed a 3% increase up to EUR 39.4 million, a symptom of how PSV's brand preserved its appeal and took advantage of the successful domestic season**, with Merchandising representing the main source of growth (+33%, to EUR 5.3 million). The 2017/18 campaign was also the second season with a new shirt sponsor, energy company Energie Direct, that replaced historical sponsor Philips. However, the stadium is still named after the multinational tech company founded in Eindhoven. Further changes have occurred for the 2018/19 season, as **new commercial director Frans Janssen has secured a new shirt back sponsor**, Eindhoven-based online learning company **GoodHabitz**, which will become front jersey sponsor from the 2019/20 season.

Total Staff costs decreased by 8%, but the aforementioned 28% drop in revenues made the staff costs/operating revenue ratio increase to 56%, 12 percentage points higher than previous season. However, the indicator is still safely within the standards recommended by UEFA for the purposes of Financial Fair Play Regulations (70%).

PSV were able to balance the books thanks to player trading activities, with special reference to the profits on the disposal of forward Jürgen Locadia and midfielder Davy Pröpper to Brighton & Hove Albion, which facilitated a bottom-line profit of EUR 0.2 million, approximately EUR 2 million less than that of the previous financial year. **The Dutch side have always been at the forefront in terms of scouting, and the recent performance of Mexican winger Hirving Lozano, purchased for a reported EUR 8 million and now valued at EUR 48 million according to KPMG's *Player Valuation Tool*, could likely represent yet another bargain acquisition made by PSV and a potential future profit.**

Despite representing a smaller market compared to teams in cities like Amsterdam and Rotterdam, PSV Eindhoven have taken their rightful spot as a Dutch giant. They truly represent a tough opponent for European competitors, as demonstrated by their proud displays against FC Barcelona, FC Internazionale Milano and Tottenham Hotspur FC in this year's Champions League, exhibiting a level of competition which will likely boost the club's results at the end of the 2018/19 season.

Credits: PSV Eindhoven

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 2017/18 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[1], and differences in year-ends limit to a certain extent the comparability of data and affect the outcome of our analysis.

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For interpretation of financial terms used in this report, please refer to the methodology section of the Data & Analytics page of KPMG's www.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 2018.

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