

The background of the entire page is a repeating pattern of the Manchester United crest, rendered in a light red color. The crest features a shield with a ship, a lion, and a staff, topped with a crown, and is surrounded by a circular border with the text 'MANCHESTER UNITED'.

# WHAT IS THE VALUE OF MANCHESTER UNITED?



FOOTBALL  
BENCHMARK

Dear Reader,

## OWNERSHIP OF MANCHESTER UNITED COULD CHANGE HANDS AFTER 17 YEARS

Even with the ongoing FIFA World Cup™ in Qatar dominating the headlines, one of the biggest news of the past weeks was that **the Glazer family, owners of Manchester United FC, could be looking to sell the club** following the acquisition of Red Devils' shares for a reported GBP 790 million, between the years 2003 and 2005. In the wake of the announcement – which came just a few days after a similar statement was issued by Fenway Sports Group (FSG) in relation to Liverpool FC – speculations over a potential price point for the sale began in earnest.

**The first question football fans are likely asking themselves is: Why are the owners of such iconic clubs willing to sell now?** The Glazers and FSG, whose clubs play in the most prominent and internationally covered league in the world, have kicked off football's globalization back in 2005 and 2010, respectively, when they acquired two of the most prominent and globally recognisable football clubs and brands. This happening at the outset of the digital and social media explosion. However, it seems that the time has come for realizing massive profits on their investments made several years ago. Indeed, well before the outbreak of the COVID-19 pandemic and a few years after the introduction of the UEFA Financial Fair Play regulations, the European football industry (especially at the top end of the market) has witnessed remarkable growth. Such growth and improving margins have transformed clubs from traditional sporting organisations into media and entertainment companies – in some cases, even into lifestyle brands – attracting a new wave of institutional investors. **The industry has never seen such high investors' appetite as in the past few months, especially when we consider that several iconic clubs changed hands at the top of the game in a short period of time (e.g. Chelsea FC, AC Milan).** This might indeed be the best time to sell and capitalise on earlier investments.

The sport industry's unique characteristics make the valuation of sport franchises challenging. Football clubs are no exceptions, especially when it comes to a well-established, global brand such as Manchester United FC. **The sale of the club's domestic rivals, Chelsea FC, for a reported fee of GBP 2.5 billion** (plus a further GBP 1.75 billion committed to invest in infrastructure, youth academy, and women's team) **was a milestone event earlier in 2022, as it toppled the previous record price paid for the ownership of a football club.** The sale also reinforced the notion that **the football market consists of two main categories: elite clubs** at the very top end of the sport investment market, **and everyone else.**

In the case of most clubs, the market is usually driven by the buyer's side. Due to the COVID-19 pandemic and rising interest rates across the globe, many clubs are facing liquidity problems, and increasing levels of indebtedness, putting their financial sustainability at risk.

However, even with these factors in mind, there is robust interest in the market for acquisition, mainly driven by the growing appetite of institutional investors, family offices, wealthy individuals, in addition to an increasing number of organisations seeking to create synergies by adding more teams to their multi-club ownership portfolio. Still, the acquisition price set for these clubs is generally more in line with what is suggested by financial metrics and theoretical valuation approaches.

The situation at the other end of the scale, where the elite clubs sit, is markedly different. Although in terms of financial results, they have not enjoyed their best period in recent years, clubs such as Manchester United FC, AC Milan and Liverpool FC are all “trophy assets” that are often viewed by investors in a way that goes well beyond pure financial metrics. Competition is often intense for such assets. The end result is a seller’s market in which the current owner has more power and influence over the asking price.



**The second questions fans are possibly asking is: Can a club like Manchester United FC be really sold at GBP 5 or 6 or 7 billion, or even higher, as speculated by some of the press?** The gap between the rumoured transaction price and the theoretical value of Manchester United FC appears enormous. If we look only at past financial indicators and future expectations for the club and the broader football industry, the answer to the above questions would probably be no.

Considering asset values, Manchester United's current squad is valued at GBP 770 million (approximately EUR 875 million) by Football Benchmark. They possess an iconic, but relatively old stadium requiring major investment, as well as a training centre that is criticized even by players for being outdated. At the same time, their overall brand is still going strong, valued by Brand Finance at GBP 1.09 billion (EUR 1.3 billion). **However, taking all these factors together, these assets' combined value is still significantly under the speculated transaction price.**

**The stock exchange performance of the club does not lend credence to the high expected price either.** Even after a significant jump in the share price following the announcement of a potential sale, the club's market capitalization is still well below the GBP 3 billion mark. Finally, we, as Football Benchmark, provide an opinion on a yearly basis on the Enterprise Value (EV) of the 32 most prominent European clubs through a proprietary adjusted Revenue Multiple approach. **As of January 2022 – our latest valuation date – the Red Devils were valued at GBP 2,425 million, second only to Real Madrid CF at GBP 2,679 million.** This valuation represents a multiple of 4.9x on operating revenues, which is quite far from a multiple of 10-14x that would be suggested by the GBP 5-7 billion price mentioned in the press. Since the launch of our valuation exercise in the year 2016, the highest EV ever reached by a club was Real Madrid CF's GBP 2,950 million in 2020. Manchester United FC reached their record value of GBP 2,909 in 2019.



## CUMULATIVE EBIT OF THE TOP 5 EUROPEAN CLUBS BY EV (2016/17-2020/21) IN GBP MILLION

Source: Football Benchmark – Club Finance & Operations Tool

To further put things into perspective, we have analysed one of the key football specific pillars of our adjusted Revenue Multiple approach, EBIT, which expresses the profitability of football clubs. We have selected this metric in order to neutralise the effects of the clubs' capital structure, which is an irrelevant factor when determining the EV of a company. For the seasons between 2016/17 and 2020/2021, among the top five clubs by EV (as of January 2022), **Manchester United FC's combined EBIT stands strong at GBP 150 million together with Liverpool FC, only below FC Bayern München (GBP 185 million), on top of Real Madrid CF's GBP 92 million and way above FC Barcelona's GBP -389 million.**

Economic theory teaches us that **price and value are two different concepts**, and what we pay for a product is not necessarily its fair market value. In fact, depending on who the ultimate buyer is going to be, **the final transaction price can be influenced by many external factors, well beyond the scope of the club's financial performance.**

Without a doubt, **Manchester United FC is much more than just a football club. It is a business with massive global brand exposure and one of the largest fans bases. This can provide unique business synergies and additional benefits to a new owner, including prestige, political positioning, as well as ego satisfaction.** Some media hint at potential interest from several US mega-cap corporations that might find the acquisition opportunity appealing in view of the growing football media rights market in North America as we get closer to the 2026 FIFA World Cup™ due to be hosted in the US. Some other reports link to nation-state bidders such as Bahrain, Dubai or Kuwait, that are willing to compete with other Middle Eastern investors already present in the global football arena.

**In conclusion, while on one hand the assets value, market prospects, historical financial performance and expected cash generation capability of the club do not seem to justify the speculated transaction price, on the other hand several other, unquantifiable factors such as potential synergies and externalities that are unique to each investor, and, therefore, impossible to quantify – may drive up the price.** This is particularly true in a highly competitive bidding process, especially if further fueled by big egos of some investors, and in a time when another elite club like Liverpool FC is also on the market.

On top of everything else, having very limited interest in the financial returns of the clubs' new shareholders, **a new investor should not underestimate the most important question supporters are loudly asking since several years: When will the club return to the "glory days" of domestic and European titles?** Answering this question is surely going to be a challenge, which might be further complicated by an unrealistic transaction price.

While the influencing factors and price considerations are manifold, in this report we would like to shed some light on a few important financial and operational metrics that are inherently part of any valuation process.

I sincerely hope you enjoy our analysis. We remain available to address any question the readers of this report might have.

## Andrea Sartori

Founder and CEO

Football Benchmark | Ace Advisory

[andrea.sartori@footballbenchmark.com](mailto:andrea.sartori@footballbenchmark.com)



# CLUB PROFILE - MANCHESTER UNITED FC



## BASIC INFORMATION

COUNTRY: **ENGLAND**

CITY: **MANCHESTER**

YEAR OF FOUNDATION: **1878**

LEAGUE (22/23): **ENGLISH PREMIER LEAGUE**

HOME STADIUM: **OLD TRAFFORD**

CAPACITY: **74,994**

YEAR OPENED: **1910**

## SOCIAL MEDIA FOLLOWERS (November 2022)<sup>1</sup>

FACEBOOK: **75.69 million**

INSTAGRAM: **60.81 million**

TWITTER: **38.84 million**

## CURRENT KIT DEALS (2022/23)<sup>2</sup>

MAIN SHIRT SPONSOR: **TEAMVIEWER**

KIT SUPPLIER: **ADIDAS**

## FINANCIAL INFORMATION (GBP million)

ENTERPRISE VALUE: **2,425<sup>3</sup>**

MARKET CAPITALIZATION: **2,600<sup>4</sup>**

SQUAD VALUE: **770<sup>5</sup>**

## OWNERSHIP INFORMATION

OWNER: **GLAZER FAMILY**

DATE OF ACQUISITION: **MAY 2005<sup>6</sup>**

STOCK MARKET IPO: **AUGUST 2012**

### Sources:

<sup>1</sup>Football Benchmark Social Media Analytics Tool

<sup>2</sup>Football Benchmark Club Finance & Operations Tool

<sup>3</sup>Football Benchmark – The European Elite 2022 Report, Enterprise Value on 1 January 2022.

<sup>4</sup>Football Benchmark research as of 25<sup>th</sup> November 2022

<sup>5</sup>Football Benchmark Player Valuation Tool

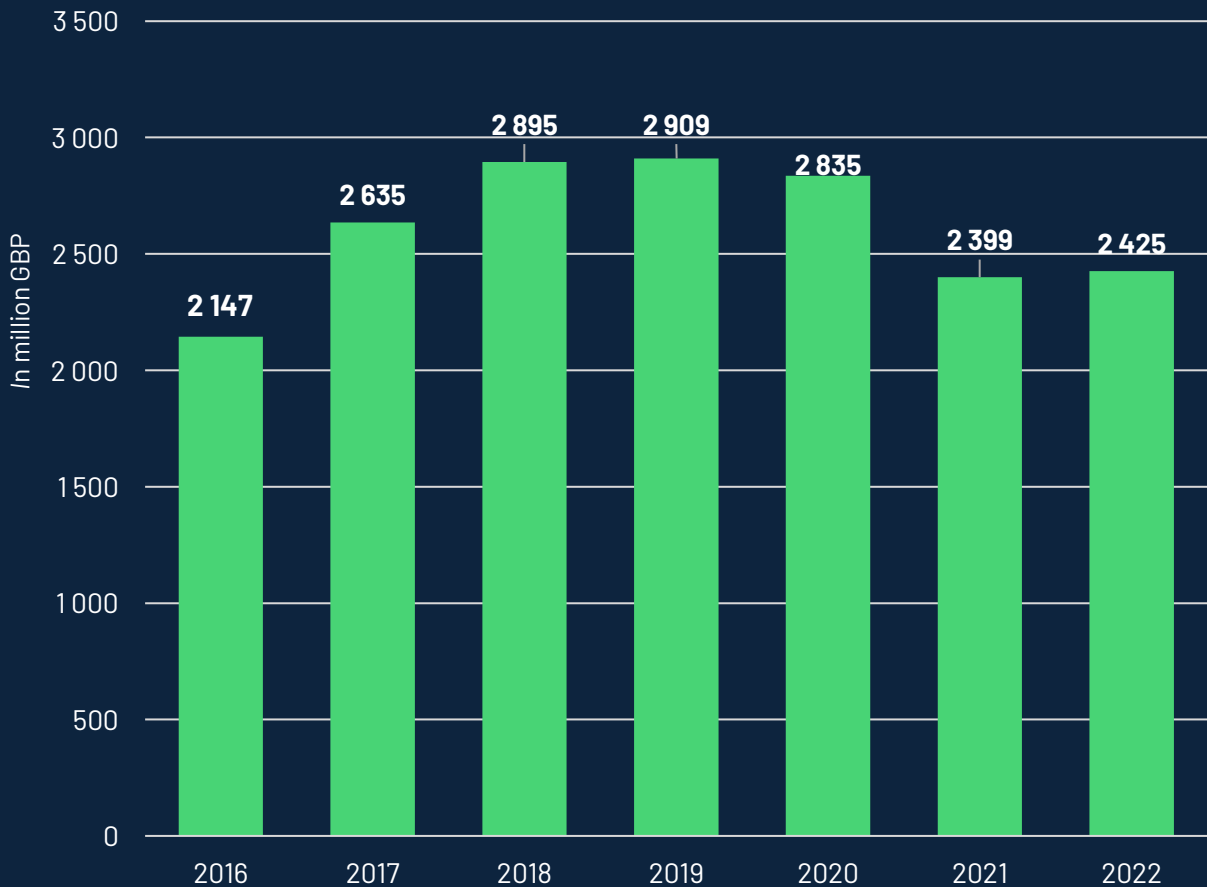
Wherever necessary, values have been converted to GBP based on yearly average exchange rates.

<sup>6</sup>Malcolm Glazer first purchased a 2.9% stake in March 2003. It was gradually increased, resulting in a controlling stake and a formal takeover in May 2005.

# ENTERPRISE VALUE (EV)

**Manchester United FC are the second most valuable football club today according to Football Benchmark.**

The club's EV stood at GBP 2.425 million in January 2022, behind only Real Madrid CF among the 32 football clubs assessed by Football Benchmark. This most recent figure is 17% lower than their record EV value of GBP 2.909 million, which was registered in 2019. The significant EV drop was due to the effects of the pandemic, because Manchester United FC's (along with everyone else's) total operating revenues declined due to the lack of matchday revenues. However, a recovery has already started in 2022, as showcased by the increase of the club's EV value.



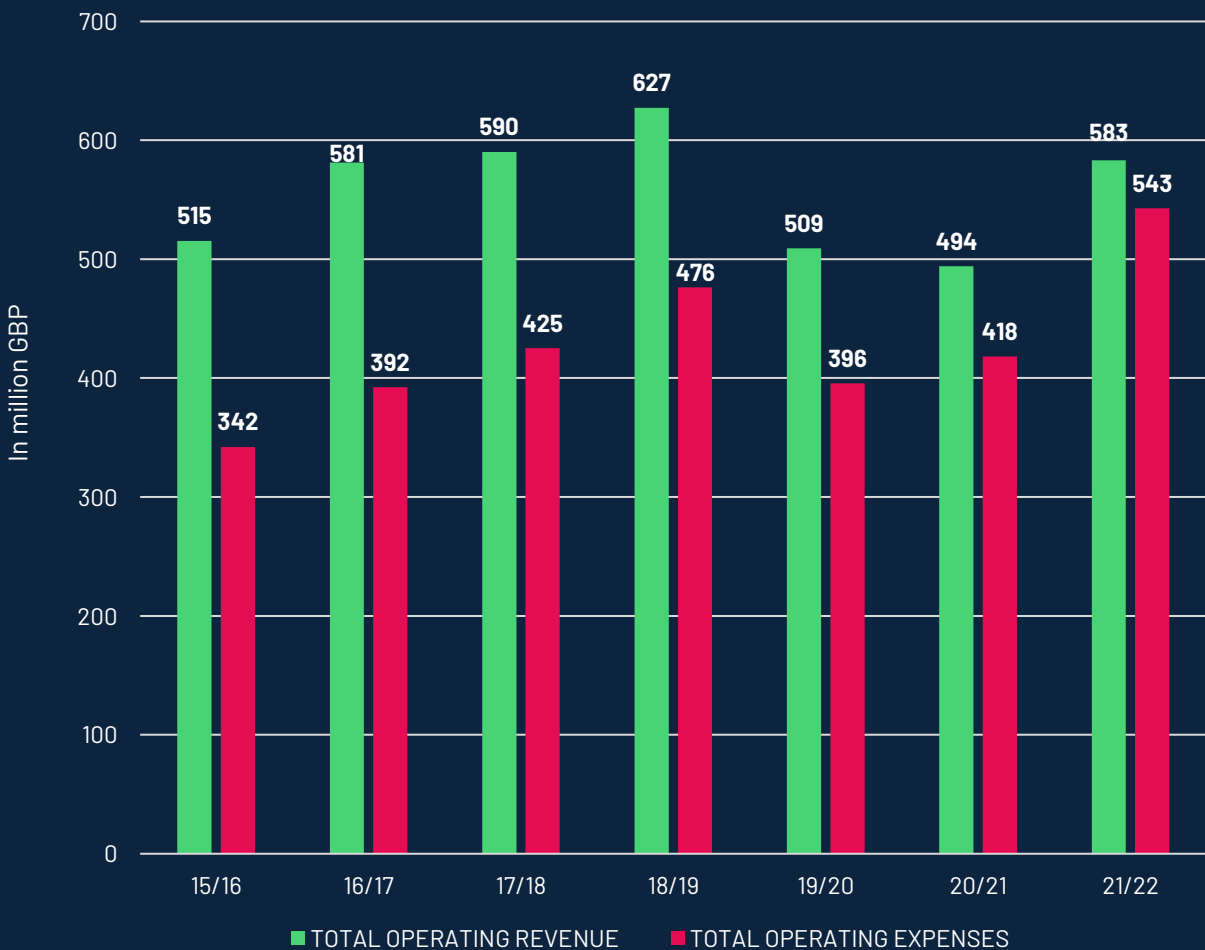
**THE ENTERPRISE VALUE OF MANCHESTER UNITED FC (IN GBP MILLION, 2016-2022)**

Source: [FOOTBALL CLUBS' VALUATION: THE EUROPEAN ELITE 2022](#)

# REVENUES AND EXPENSES

**While total operating revenue is getting close to pre-pandemic levels, expenses are increasing at an even faster pace.**

Last season, the club's operating expenses reached their highest ever value at GBP 543 million. This figure represents an increase of 14% compared to the last full season before the pandemic (2018/19). On the other hand, total revenues – which for the years ended 30 June 2021 and 30 June 2022 were significantly impacted by the Covid-19 pandemic and government measures to manage the spread of the disease – are also getting back to near pre-pandemic levels with the recovery of matchday income and an 11% yearly growth in commercial revenues.



## TOTAL OPERATING REVENUES AND EXPENSES IN GBP MILLION (2015/2016 - 2021/2022)

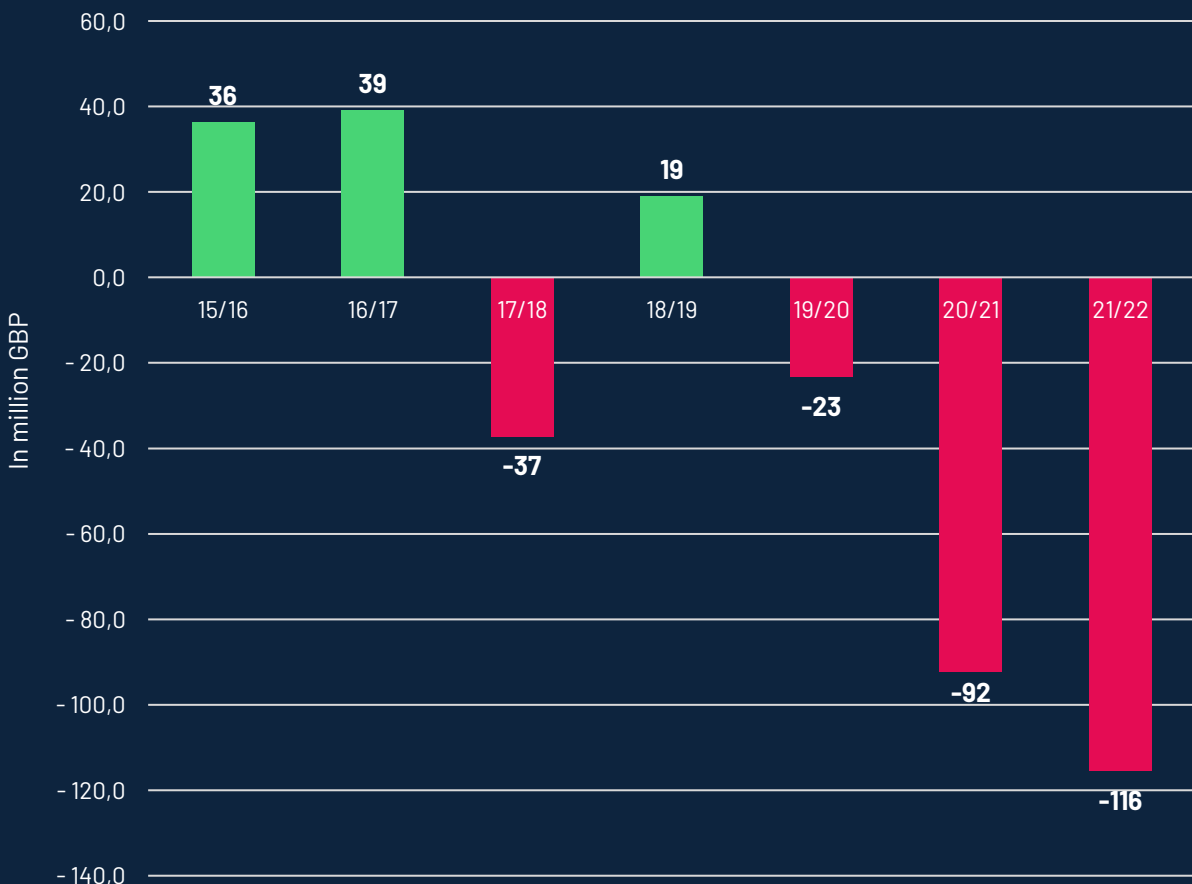
**Source:** Football Benchmark – Club Finance & Operations Tool



# PROFIT AND LOSS

**Losses have increased in recent seasons, totaling over GBP 230 million in three years, mostly due to the negative impact of COVID-19.**

While Manchester United FC were able to realize positive results fairly consistently before the pandemic, the last three years, as for most football clubs, were a major challenge. In total, the club has lost GBP 230.9 million over this period, with record losses in 2021/22. Losses can be attributed to multiple reasons, including the lack of matchday revenues during the pandemic, poor on-pitch performances (e.g., missing out on UEFA Champions League participation in 2019/20), the growth rate of costs outstripping that of total revenues, as well as the devaluation of the British pound on the US dollar, negatively affecting financial costs.



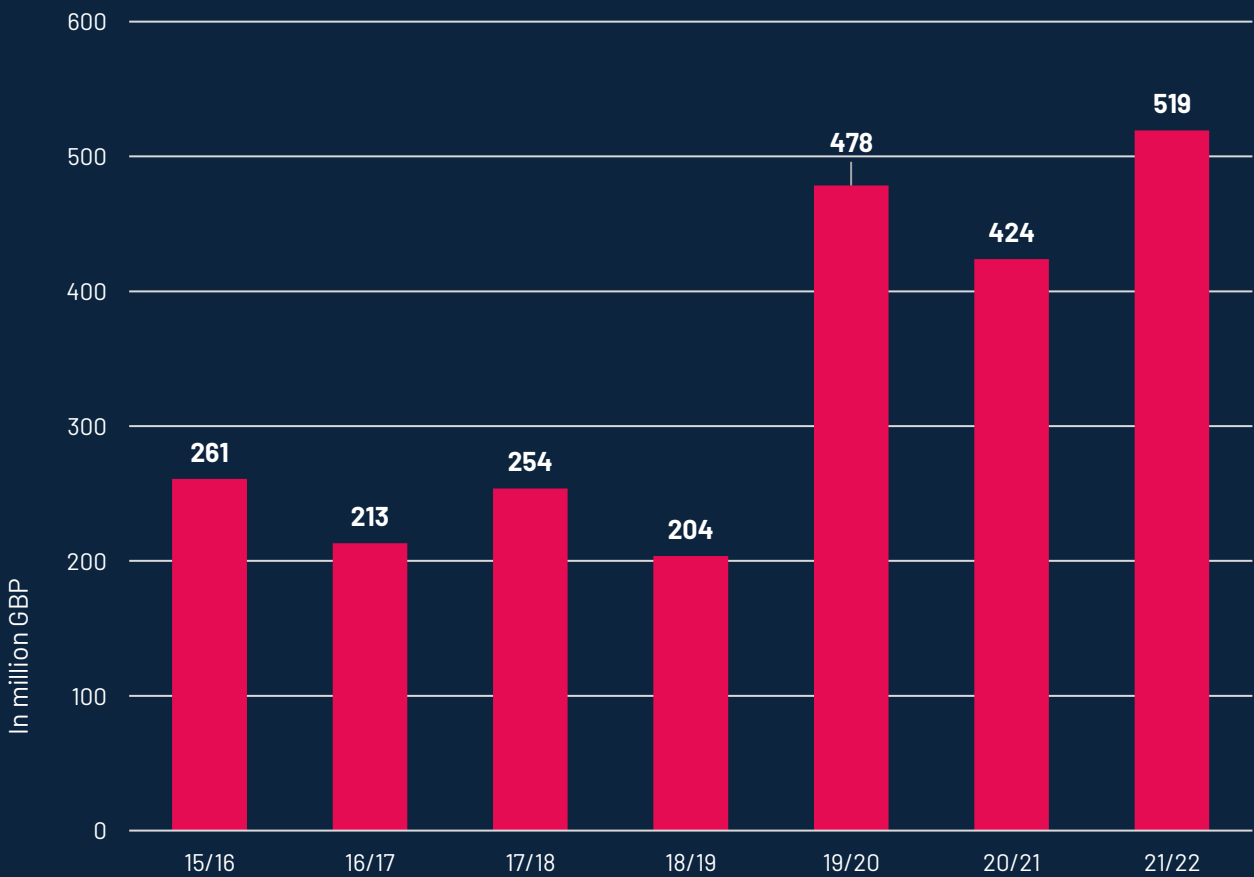
**MANCHESTER UNITED FC'S PROFIT/LOSS AFTER TAX IN GBP MILLION  
(2015/16 - 2021/22)**

**Source:** Football Benchmark - Club Finance & Operations Tool

# NET FINANCIAL DEBT\*

**A sharp increase has been seen in the club's debt level since the start of the pandemic.**

Over the past three seasons, Manchester United FC's net financial debt has increased to GBP 519.3 million in 2021/2022. This is an extra GBP 315 million in debt compared to the pre-pandemic season of 2018/2019, when this figure stood at GBP 204 million. In recent years, the devaluation of the British pound against the US dollar, the primary currency of the club's indebtedness, also contributed to the increasing debt reported in the financial statements.

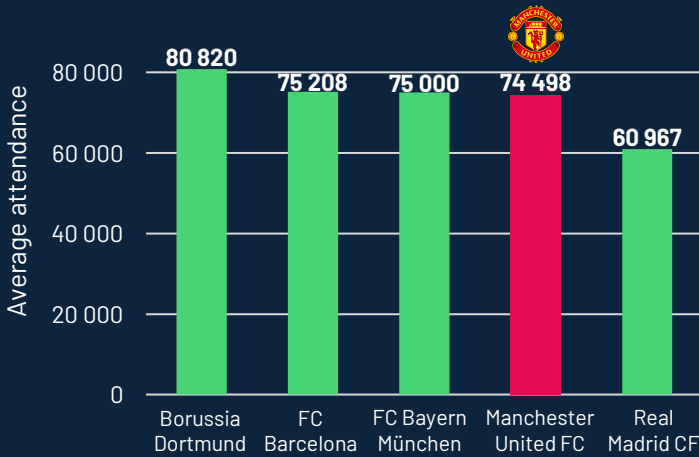


**NET FINANCIAL DEBT OF MANCHESTER UNITED IN GBP MILLION  
(2015/2016 – 2021/2022)**

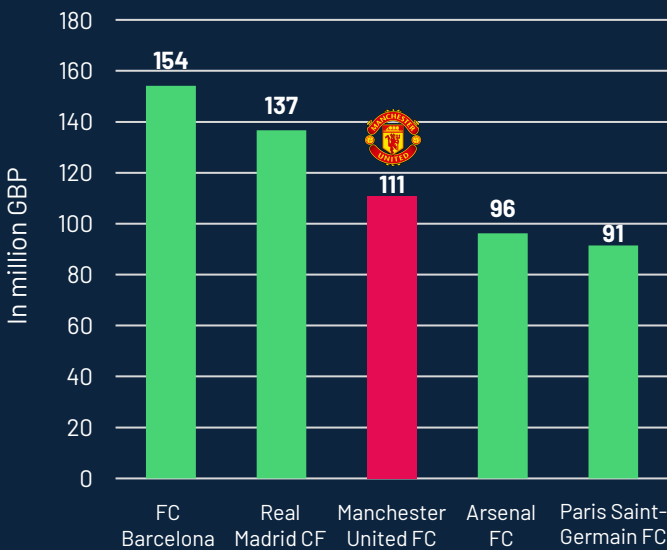
**Source:** Football Benchmark – Club Finance & Operations Tool

*\*Net financial debt is the sum of interest-bearing current and long-term loans and borrowings, minus cash and cash equivalents. It does not include debt towards clubs, other trade debtors, employees/players, tax authorities and all other debts which are not interest-bearing (incl. shareholders' debt).*

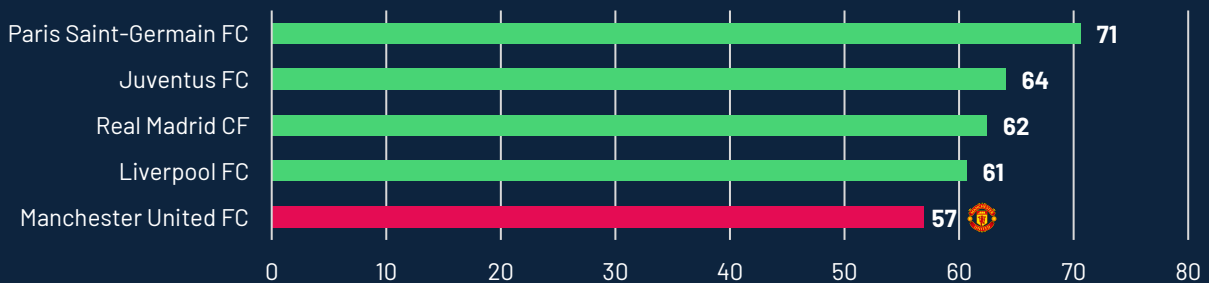
# OLD TRAFFORD



**TOP 5 EUROPEAN CLUBS WITH THE HIGHEST AVERAGE ATTENDANCE (2018/2019)<sup>1</sup>**



**TOP 5 EUROPEAN CLUBS WITH THE HIGHEST MATCHDAY REVENUE (2018/2019) IN MILLION GBP<sup>2</sup>**



**TOP 5 EUROPEAN CLUBS WITH THE HIGHEST REVPEPAS (2018/2019) IN GBP<sup>3</sup>**

Although it is a relatively old venue, Manchester United FC's stadium, Old Trafford, still compares very favourably with their European rivals' stadia and rank among the top five in the most significant key performance indicators.

In the last season before the pandemic (2018/2019), Manchester United FC had the fourth highest attendance average for domestic league matches in Europe. In terms of matchday revenue, the Red Devils became the third best team in Europe behind Spanish giants FC Barcelona and Real Madrid CF, with GBP 111 million. The club's RevPEPAS (revenue per event per available seat) reached GBP 57 in the 2018/2019 season.

<sup>1</sup>Domestic league matches only

**Source:** Football Benchmark – Club Finance & Operations Tool

<sup>2</sup>All competitive fixtures

**Source:** Football Benchmark – Club Finance & Operations Tool

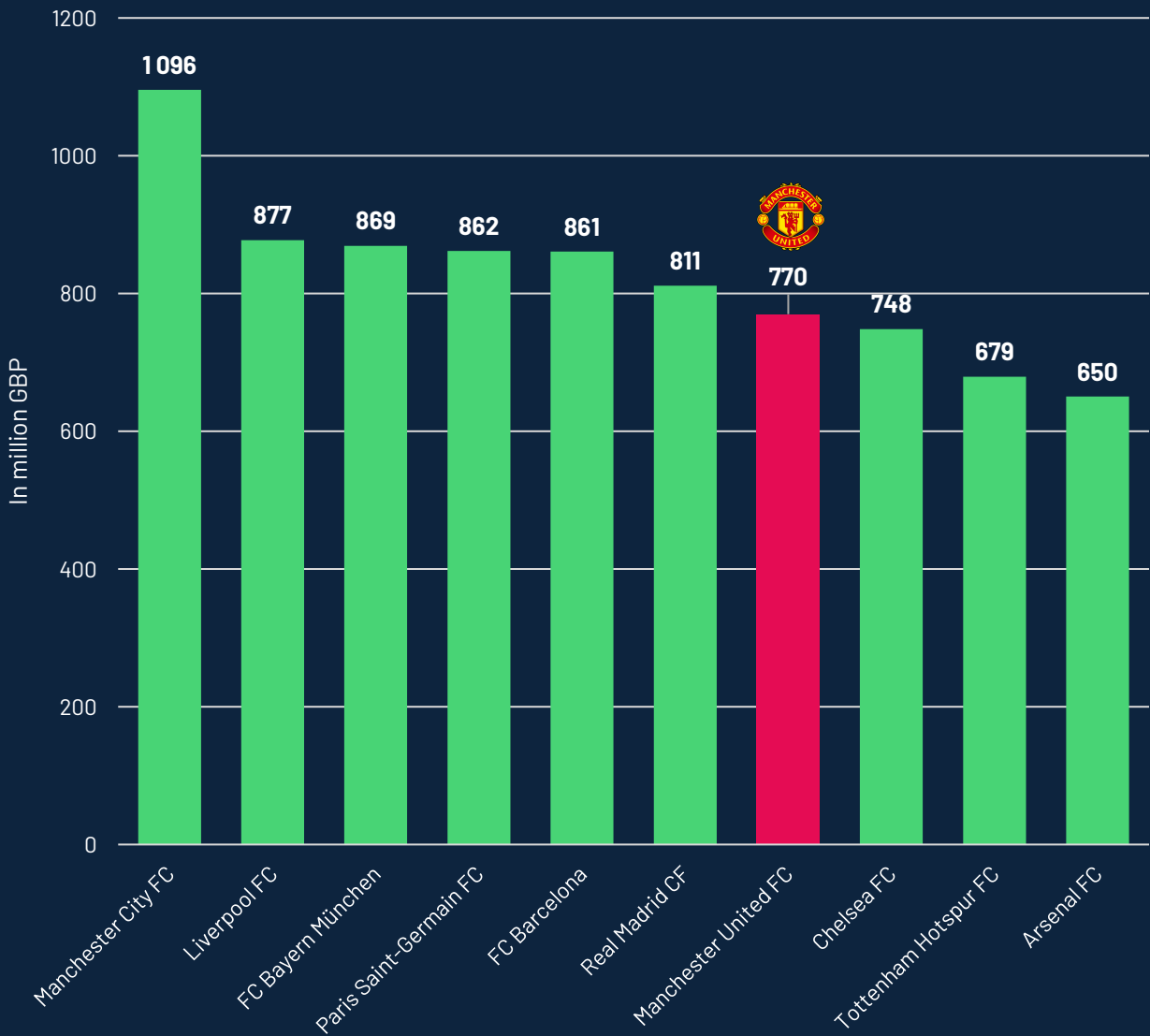
<sup>3</sup>All competitive fixtures

**Source:** Football Benchmark – Club Finance & Operations Tool

# SQUAD VALUE

The club's current total squad value is GBP 770 million based on Football Benchmark's Player Valuation platform as at 1 September 2022.

This figure is currently the 7th highest in the world and the 3rd highest in the English Premier League.



## TOP 10 HIGHEST TOTAL SQUAD VALUE IN THE WORLD (IN GBP MILLION)

Source: Football Benchmark – Player Valuation Tool

# MOST VALUABLE PLAYERS

After an underwhelming 2021/22 on the pitch, significant investments were made in the transfer market.

The club has invested major funds during the most recent summer transfer window, including the high-profile signings of Antony, Casemiro and Lisandro Martínez. Currently, the club's most valuable player is Bruno Fernandes.



PLAYER NAME	MOST RECENT MARKET VALUE	NATIONALITY	POSITION	AGE	END OF CONTRACT
Bruno Fernandes	85	Portugal	Midfielder	28	30/06/2027
Jadon Sancho	78	England	Forward	23	30/06/2027
Antony	58	Brazil	Forward	23	30/06/2028
Marcus Rashford	52	England	Forward	25	30/06/2024
Casemiro	50	Brazil	Midfielder	31	30/06/2027
Lisandro Martínez	43	Argentina	Defender	25	30/06/2028
Raphaël Varane	42	France	Defender	30	30/06/2025
Harry Maguire	37	England	Defender	30	30/06/2026
Tyrell Malacia	31	Netherlands	Defender	23	30/06/2027
Scott McTominay	28	Scotland	Midfielder	26	30/06/2026

## TOP 10 MOST VALUABLE PLAYERS OF MANCHESTER UNITED FC IN GBP MILLION

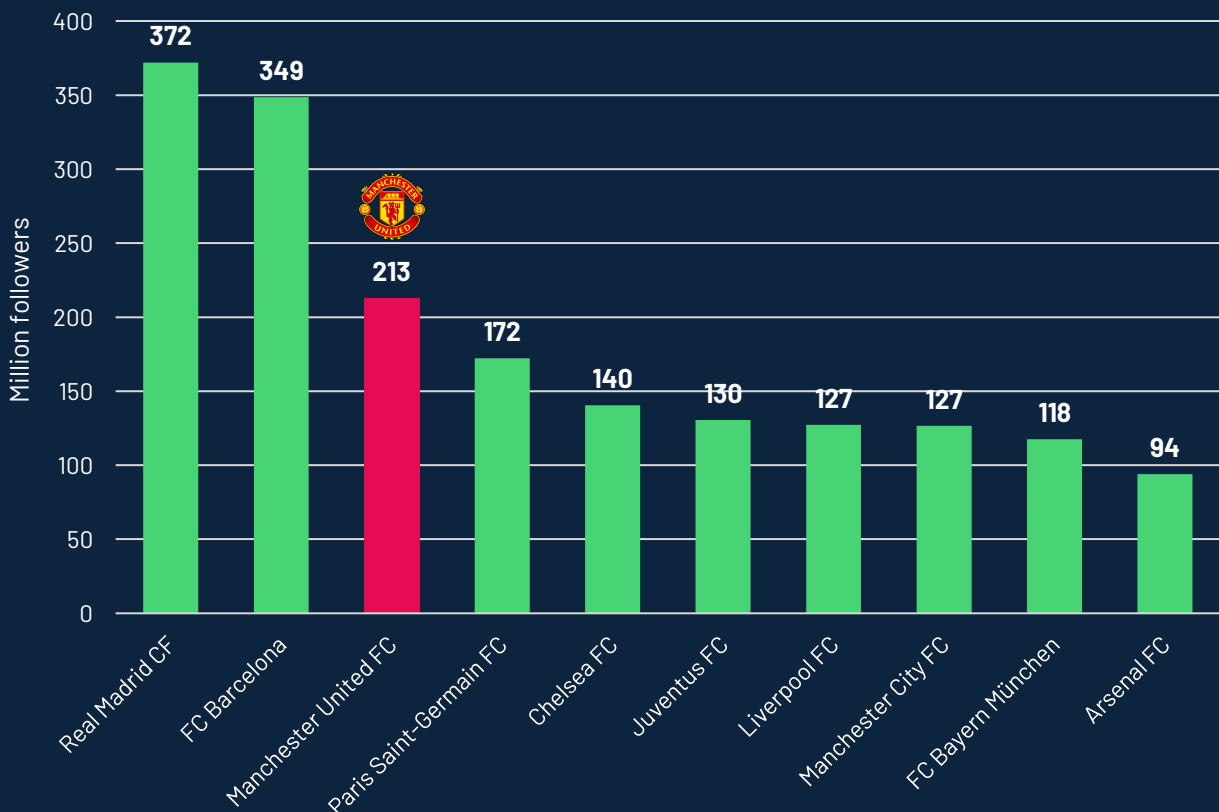
Source: Football Benchmark – Player Valuation Tool

# COMMERCIAL REVENUES AND SOCIAL MEDIA

**Manchester United FC is one of the most valuable football brands in the world, backed both by their lucrative sponsorship contracts and a tremendous number of social media followers.**

Manchester United FC's brand value was estimated at GBP 1.09 billion by BrandFinance in 2022. Irrespective of the level of on-pitch performance, the club's sponsorship income is among the largest in the world. Both in terms of main shirt sponsor (TeamViewer) and kit supplier (adidas), the club ranks in the top five among all clubs.

The club's brand value and commercial power rely heavily on their extensive social media reach - with more than 210 million followers, Manchester United FC is the third most popular football club after Real Madrid CF and FC Barcelona.



**TOP 10 MOST FOLLOWED FOOTBALL CLUBS ON SOCIAL MEDIA (FACEBOOK, TWITTER, INSTAGRAM, YOUTUBE, TIKTOK, WEIBO COMBINED, AS OF 25<sup>TH</sup> NOVEMBER 2022)**

**Source:** Football Benchmark - Social Media Analytics Tool





[FOOTBALLBENCHMARK.COM](https://www.footballbenchmark.com)



Main photo source: Imago

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