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Real Madrid surpass Manchester United to lead KPMG's football clubs' Enterprise Value ranking

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After three years of stability on the podium, this year sees Real Madrid leapfrogging Manchester United at the top, and Barcelona slipping to the 4th spot, letting Bayern München take the 3rd position. The aggregate enterprise value (EV) of the top 32 clubs in consideration has increased by 9% year on year, demonstrating that the football business is growing at a significantly faster pace than Europe's economy in general. These are the most striking conclusions of KPMG's Football Benchmark team's latest club valuation report. The fourth annual study, "*Football Clubs' Valuation: The European Elite 2019*", ranks the 32 most prominent European clubs according to their enterprise value, calculated by KPMG's proprietary algorithm.

Key results:

- Real Madrid and Manchester United are the only clubs above the EUR 3 billion threshold for EV. The top 8 clubs can boast an EV in excess of EUR 2 billion, with Chelsea and Liverpool having joined this group.
- Although the top 10 consists of the same clubs as last year, all the clubs changed positions, with the only exception being Manchester City, which retained the fifth position.
- The four English teams competing in the finals of the UEFA Champions League and the UEFA Europa League come one after the other, with Chelsea, Liverpool, Arsenal and Tottenham taking the 6th to 9th positions.
- Inter Milan registered the highest (41%) year-on-year EV increase, helping them move up five positions in our ranking.

Real Madrid jumped above the EUR 3 billion EV level for the first time, however, their current EV is lower than Manchester United's EV was last year, which has decreased by EUR 48 million over the year. Similarly, the *Bavarians'* current EV is lower than the *Blaugrana's* EV was in 2018. Real Madrid can attribute their success of taking the lead primarily to the massive UEFA prize money rewarding their three UEFA Champions League titles in a row. In addition, they benefitted from their improvement in profitability and from a cumulated 29% operating revenue growth, driven mainly by increasing commercial revenues over the past four years. The German champions' overtaking of the *Blaugrana* to take the third spot is a consequence of the large difference in their 3-year aggregate EV growth (+25% and -3%, respectively), mainly due to the increasing staff costs of the Spanish club. Indeed, Barcelona reached a record 81% in staff costs-to-revenue ratio in 2017/18, while Bayern München managed to keep theirs at 50%.

Further changes in the top 10 include Tottenham Hotspur surpassing Juventus to reach the 9th position, and Arsenal dropping two spots to land in 8th, surpassed by Chelsea and Liverpool. The latter two clubs boast an EV in excess of EUR 2 billion for the first time, making eight of the top 10 clubs to have now more than EUR 2 billion EV.

The two 2019 UEFA Champions League finalists boast remarkable financial performance in the past season: Liverpool's 33% annual EV growth is second only to Inter Milan's 41% year-on-year increase in our ranking, while Tottenham came in third with a 31% growth. They also registered record levels of pre-tax profit – EUR 157 million for Spurs and EUR 136 million for the Reds. Tottenham's 39% staff costs-to-revenue ratio is also the lowest among the 32 clubs.

"For the third consecutive year, the overall EV of the 32 most prominent European football clubs has increased by 9% (35% over the past three years). This growth rate is in contrast with the overall trend of the major European Stock Exchanges, notably the STOXX Europe 50 Index¹, showing a year-on-year decrease of -13% (-9% from 2016), and demonstrating the different pace at which the football industry is evolving. The transition of major clubs into media and entertainment companies, with global brand exposure, also helps create more stable and predictable cash flows and consequently better warranties to investors and financiers. It comes by no surprise, that such remarkable growth has heated the debate concerning the transformation of European clubs' competition structure. However, the stakeholders involved do not necessarily share the same interests and rather sit on conflicting positions that are likely to make future decisions even more challenging", Andrea Sartori, KPMG's Global Head of Sports and the author of the football clubs' valuation report series commented.

The representation of the big 5 football leagues remained the same, with 27 clubs in the top 32, with the English Premier League confirming its dominance having nine clubs on the list and accounting for 43% of the total aggregate value. This year, Scotland is a new joiner, represented by Celtic, raising the number of participating countries to nine for the first time during the four years analyzed. The other newcomer this year is Spanish side Villarreal, also a debutant in this elite ranking. On the other hand, Valencia and Fenerbahçe dropped out, whereas both clubs had been on this list in all three previous editions of our ranking.

¹ – The STOXX Europe 50 Index, Europe's leading blue-chip index, provides a representation of supersector leaders in Europe, covering 50 stocks from 17 different countries.

Both Spain and Italy are represented by six clubs. However, due to the top performance of Real Madrid and Barcelona, the aggregate EV of the six LaLiga clubs is almost the double of the six Italian clubs' EV. Interestingly, Atletico Madrid's EV is less than a third of Real's EV, while Juventus alone are worth more than the two Milan clubs combined, and almost three times more than Napoli. The German Bundesliga has sent the same three clubs (Bayern München, Borussia Dortmund and Schalke 04) to our ranking over the four years under analysis; all three clubs were able to increase their EV, reaching a 13% share of the total EV of the top 32 clubs. Interestingly, the three German clubs represent more of the total EV than the six Italian ones (12%) combined. On the other hand, the three French clubs account for 6% of the total EV; PSG and Olympique Lyonnais kept their 11th and 22nd positions, respectively, while Monaco managed to step up one position to the 29th spot.

The overall representation of the non-big five leagues (Turkey, Netherlands, Portugal, and now Scotland) has been decreasing – they send now five clubs to this elite ranking, and account for 4% of the total EV. Turkish clubs, also due to the depreciation of the Turkish Lira, suffered the heaviest blow this year with their aggregate EV decreasing by almost a third: the 15% EV growth of Besiktas could not compensate for Fenerbahçe being dropped from our ranking, nor for Galatasaray's massive 26% drop in EV, the largest decrease in our ranking.

Considering the 3-year EV evolution of the top 32, Olympique Lyonnais boast the highest (+150%) overall increase, followed by Tottenham Hotspur (+110%). On the other hand, Barcelona are the only club in the current ranking who suffered a decrease in their EV (-3%) over the past three years analyzed.

Notes to editors:

The “*Football Clubs' Valuation: The European Elite 2019*” report, prepared by the KPMG Football Benchmark team, provides an indication of the enterprise value of the 32 most prominent European football clubs as at 1 January 2019.

32 clubs Enterprise Value ranking:

Position	Club	Mid-point EUR million	y-o-y change (%)
1	Real Madrid CF	3,224	10%
2	Manchester United FC	3,207	-1%
3	FC Bayern München	2,696	6%
4	FC Barcelona	2,676	-4%
5	Manchester City FC	2,460	14%
6	Chelsea FC	2,227	26%
7	Liverpool FC	2,095	33%
8	Arsenal FC	2,008	-4%
9	Tottenham Hotspur FC	1,679	31%
10	Juventus FC	1,548	19%
11	Paris Saint-Germain FC	1,315	15%
12	Borussia Dortmund	1,085	2%
13	Atlético de Madrid	1,004	12%
14	FC Schalke 04	765	14%
15	FC Internazionale Milano	692	41%
16	Leicester City FC	633	6%
17	West Ham United FC	578	9%
18	SSC Napoli	569	10%
19	AC Milan	555	8%
20	Everton FC	543	6%
21	AS Roma	516	13%
22	Olympique Lyonnais	463	8%
23	Besiktas JK	383	15%
24	Sevilla FC	352	11%
25	Athletic Club Bilbao	336	1%
26	SL Benfica	333	1%
27	AFC Ajax	315	12%
28	SS Lazio	297	23%
29	AS Monaco FC	255	-2%
30	Celtic FC	252	NEW
31	Villarreal CF	247	NEW
32	Galatasaray SK	246	-26%

Methodology: The foundation of this report is an analysis of the latest publicly available financial statements for 38 European football clubs that meet our selection criteria, and of which the top 32 by EV are selected for the purposes of this publication. Thus, it is important to note that this report does not consider the business and sporting results achieved by each club in the 2018/19 football season. The proprietary algorithm developed by KPMG and applied for the purposes of this report is consistent with the one applied in the past three editions of our analysis. It is based on the Revenue Multiple approach and takes into consideration five football-specific metrics: profitability, popularity, sporting potential, broadcasting rights and stadium ownership.

For inquiries on the report, please contact:

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