



The European Champions Report 2017

footballbenchmark.com

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Foreword



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The 2015/16 season will live long in the memory of football fans. As well as a reminder of the strength of some of the household names, notably in the French, German, Italian and Portuguese leagues, and a few surprises across some European leagues, Leicester City FC became unlikely heroes and completed a dream that many thought impossible in today's football industry.

Off the field, other issues received an unusual level of media coverage, including lucrative broadcasting agreements, clubs' numerous ownership changes, spiralling transfer fees, and unprecedented salary levels tabled by Chinese clubs. These all underlined the increasing financial power of a fast-growing sector and the insatiable appetite for the game among fans around the world.

In this report, **KPMG's Football Benchmark team pays tribute to the champions of Europe's most prominent leagues, reviewing 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 key leagues:

Beşiktaş JK, FC Barcelona, FC Bayern München, Juventus FC, Leicester City FC, Paris Saint-Germain FC, PSV Eindhoven and SL Benfica. While not covering the biggest club by operating revenues in the 2015/16 football season—namely **Manchester United FC**—whose revenues approach the **EUR 700 million¹ mark (more than four times than eventual champions Leicester City FC and now approximately 10% ahead of the two Spanish football giants)**, KPMG's analysis aims to provide readers with some broad insights into the European football landscape.

As a result of booming broadcasting deals, the increased revenues distribution from UEFA competitions, and clubs' growing global connectivity with sponsors and fans, the steep rise of broadcasting and commercial revenues is a trend which is shared across the markets considered in this analysis. At the same time, the report also highlights the competitive advantage afforded by a club's ability to reach large and international audiences.

Increasing professionalization and sustainable management practices at football clubs, assisted by UEFA "Financial Fair Play" regulations, comprise another current trend outlined in the report. Indeed, all the champions covered in this analysis registered a sub-65% staff costs-to-operating-revenues ratio.

The international playing field is far from level owing to the most significant cost component of all clubs: players' wages. As tax rates and social security costs are not harmonised, in a market where salaries are negotiated on a net basis, the cost of providing the same salary to a player can greatly differ among leading international clubs. For example, **in comparison to Turkey, offering a net salary of EUR 5 million to a player, such costs are 141% higher in France, 54% higher in China and 61% to 112% higher for the other countries considered in our analysis.** We therefore aim also to shed some light on this topic, reviewing the personal income tax regimes in the countries in question, as well as in China, a new major player in the transfer market.

Some interesting highlights of this study are presented in the section that follows. Not all the clubs in question had an easy job to achieve in being crowned as champions of their leagues; indeed, **the points' difference between that of the winner and of the second-place team could vary from a massive 31 for Paris Saint-Germain FC, to a minimum one point for FC Barcelona.** The year-on-year growth of operating revenues displays how PSV Eindhoven were the best performers. In this context, bottom-line results and profitability growth provide some cause for reflection: **FC Bayern confirm their healthy status, registering the highest financial year-end result after tax payment, while Beşiktaş JK are the only club to register a loss,** despite a significant 63% improvement from the previous season. Finally, our European landscape map shows some insightful data: for instance, **it took Leicester City FC the least average points (2.13) and goals scored per game (1.79) to win their domestic league,** while, on the other hand, SL Benfica and FC Bayern München recorded the most average points per game (2.59).

From every angle, football is in the midst of an era of intense change. The increasing number of alternatives in the entertainment industry and the gradual segmentation of viewers across multiple media platforms are just some of the factors that will define the business environment in which football clubs will operate in the future.

We hope that you enjoy this report and would invite you to explore the financial and operational data of these and many other clubs on www.footballbenchmark.com, KPMG's football business intelligence tool and the primary source of financial data in the football industry.

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 2016.

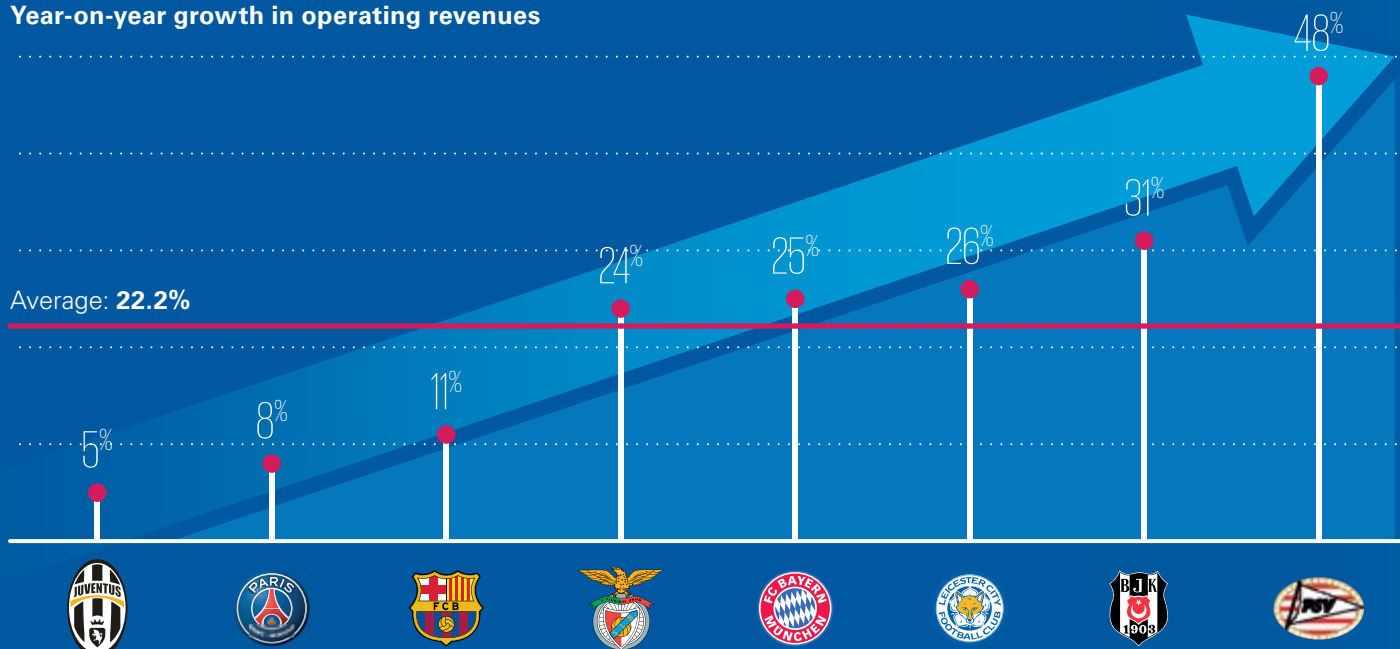
Highlights

Points difference to second placed



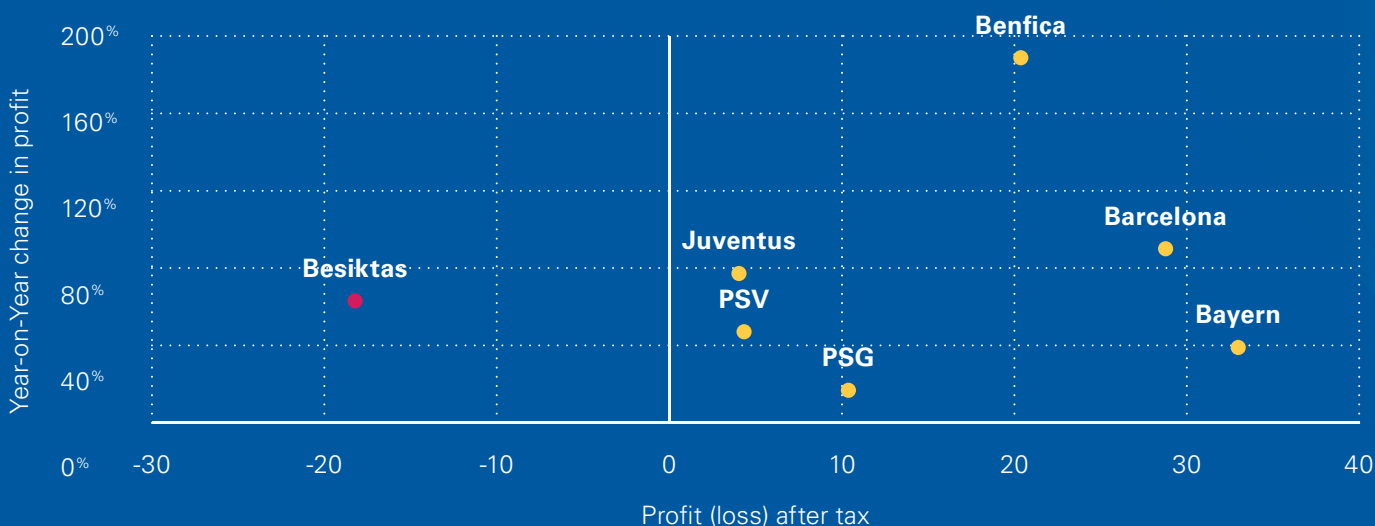
Source: KPMG Football Benchmark research

Year-on-year growth in operating revenues



Source: KPMG Football Benchmark research

Profit/Loss after tax and year-on-year change, EUR m



Note: Profit figures for Leicester City FC were unavailable at the date of the publication.
Source: KPMG Football Benchmark research



Besiktas JK



Average points per game: **2.32**
Goals scored per game: **2.21**
Goals conceded per game: **1.03**
Staff costs per league point: **0.8**
(EUR m)

FC Barcelona



Average points per game: **2.39**
Goals scored per game: **2.95**
Goals conceded per game: **0.76**
Staff costs per league point: **4.1**
(EUR m)

FC Bayern München



Average points per game: **2.59**
Goals scored per game: **2.35**
Goals conceded per game: **0.50**
Staff costs per league point: **3.1**
(EUR m)

Juventus FC



Average points per game: **2.39**
Goals scored per game: **1.97**
Goals conceded per game: **0.53**
Staff costs per league point: **2.4**
(EUR m)

Leicester City FC



Average points per game: **2.13**
Goals scored per game: **1.79**
Goals conceded per game: **0.95**
Staff costs per league point: **N/A**

Paris Saint-Germain FC



Average points per game: **2.53**
Goals scored per game: **2.68**
Goals conceded per game: **0.50**
Staff costs per league point: **3.0**
(EUR m)

PSV Eindhoven



Average points per game: **2.47**
Goals scored per game: **2.59**
Goals conceded per game: **0.94**
Staff costs per league point: **0.5**
(EUR m)

SL Benfica



Average points per game: **2.59**
Goals scored per game: **2.59**
Goals conceded per game: **0.65**
Staff costs per league point: **0.7**
(EUR m)

The Actual Costs of Football Industry Wages²

Taxation is an important factor impacting on the bottom line of an enterprise, as well as in attracting talent. The football industry is no exception.

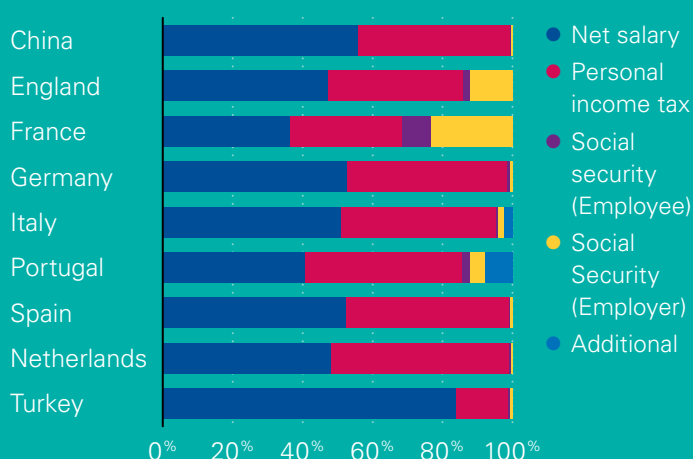
What are the tax consequences for a footballer in playing in different countries? This is an important question since the total costs of employment is relevant for the clubs, whilst the net income realized could be a decisive factor for a player in selecting the country in which to play.

To better understand the importance of taxation and the impact that it can have in attracting or retaining talent in one league, hereafter we analyze the applicable employment tax rates and costs in the eight leading football leagues' countries covered by this report. In consideration of the growing appeal of the Chinese Super League in attracting international footballers, we also added China to our analysis.

Sportsmen receive income not only from sport clubs as salary and bonuses, but their personal income often includes revenues from sponsorship contracts, royalties or advertising activities. These are frequently linked to cross-border activities. Multiple incomes from different sources further complicate the applicable tax rules. Therefore, for **the purposes of this analysis we only focus on employment charges, costs and net income derived from salaries received by a football player from a club in a specific country.**

Our analysis of **total employment costs for a football club takes two cases into consideration, comparing the costs of employing a player on a net income of EUR 1 million and EUR 5 million** in each of the countries under review.

Tax wages, EUR 1m net salary



Source: KPMG research

This study shows that in terms of employment cost the outer ends of the scale are represented by Turkey and France, i.e. the employment costs of a football player are the lowest in Turkey and the highest in France. The other European countries are placed in between these extremes, with Germany and Portugal being close to the lower and higher echelons, respectively.

All the "big five" football countries, namely Germany, Spain, Italy, England and France, generally levy higher charges than Turkey and new-comer China, resulting in a less favorable landscape for attracting football players.

Country	EUR 1 million net salary		EUR 5 million net salary	
	Total cost to club (EUR m)	Total cost difference in comparison to Turkey	Total cost to club (EUR m)	Total cost difference in comparison to Turkey
Turkey	1,19	0%	5,90	0%
China	1,78	50%	9,06	54%
Germany	1,90	60%	9,51	61%
Spain	1,91	61%	9,60	63%
Italy	1,97	66%	9,86	67%
Netherlands	2,08	75%	10,41	76%
England	2,12	78%	10,71	82%
Portugal	2,46	107%	12,48	112%
France	2,74	130%	14,22	141%

Source: KPMG research

² Figures regarding applicable taxes and social charges are herewith calculated in a simplified fashion. In fact, there might be local taxes that are not considered in the calculation. Applicable tax and social security rates can vary depending on the individual's situation, therefore, please consult a tax professional for more precise information regarding specific situations. Tax and social security rates are subject to change depending on legislative actions, therefore, the presented figures might not be based on the most recent rules.



The eight champions



Süper Lig
Turkey

Beşiktaş JK: Key Performance Indicators (EUR m, 2015/2016)

	Matchday	14.9	YoY Operating revenues growth 31%
	Broadcasting	42.9	
	Commercial & Other	43.3	
	Total Operating Revenues		
	Total Staff costs	60.5	Staff costs / Operating revenues 60%
	Pre-tax profit/loss	-18.0	
	Profit/Loss after tax	-18.2	
	Average attendance	18,668	Utilisation rate 53%
	Stadium capacity	35,475	
	Weighted average of the three different stadiums used in 2015/16.		
	Social Media Followers	9.21 million	



Enterprise Value

Source: KPMG Football Club Valuation: The European Elite 2016

n/a



Squad market value

Source: Transfermarkt. Data retrieved at the club's financial year end.

118.1 EUR m



Süper Lig: Broadcasting Market

A new broadcasting agreement with Digiturk for the 2017-22 period was recently announced, cementing the league's position as the sixth most valuable in Europe in terms of domestic broadcasting rights.

Domestic broadcasting rights

900 USD m

Duration of the agreement

2015-2017
(2 seasons)

Beşiktaş JK

Thanks to their first domestic title in seven years, partially attributable to the goals of the Turkish Süper Lig's leading scorer, Mario Gomez, Beşiktaş JK saw a 31% growth in operating revenues to EUR 101.1 million. The club were able to keep their pre-tax loss within the minus EUR 20 million threshold, in compliance with the UEFA Club Financial Control Body (CFCB) Settlement Agreement of May 2015.

This positive trend was underlined by a remarkable performance on the stock exchange in the calendar year 2016, with Beşiktaş JK benefiting from a 58% increase in their share price.

Broadcasting revenues from domestic competition increased by 14%, as the Turkish Süper Lig entered into a new deal with a reported USD 450 million per year agreement for the 2015-2017 period. Whilst the Süper Lig's deal is considerably lower than those agreed upon by the "big five" leagues, Turkey's large population and economic size provide an upside potential for the league in the long-term.

Matchday revenues saw significant growth of 67% from the previous season and RevPePAS³ jumped by an impressive 96%, despite the club playing in two different stadiums before moving to their new, state-of-the-art Vodafone Arena. With a capacity of 41,903, the venue presents new opportunities for the club. Indeed, last year's average attendance was 18,668⁴ representing a 53% utilisation ratio, a figure that, while in line with the low Süper Lig crowds of last season, was impacted by the resistance of some fans to the league's controversial ticketing system.

The increase in operating revenues more than compensated for the slight growth in personnel expenses (5%), which allowed the staff costs-to-revenues ratio to drop to 60%, from 75% in the previous season. The efforts of the club towards a more sustainable business model, arguably prompted by CFCB monitoring, are reflected by the fact that the pre-tax loss was reduced by 63%, from minus EUR 48.7 million to minus EUR 18.0 million at the end of the 2015/16 season. A sizeable contribution to the year-end result was provided by player trading; indeed, Beşiktaş JK disposed of a number of players—for example, Demba Ba to China's Shanghai Shenhua—making significant profits that helped the club to improve their financial results.

As part of the UEFA agreement, which covers the four sporting seasons from 2015/16 to 2018/19, Beşiktaş JK committed to pay a fine, achieve defined break-even results, limit both the aggregate cost of employee expenses and the cost of acquiring new players.

Both in terms of social media followers and operating revenues, Beşiktaş JK are still the number three Turkish club, lagging behind the other two Istanbul giants, Galatasaray SK and Fenerbahçe SK. In order to close the gap with their domestic counterparts, Beşiktaş JK need to re-establish themselves as a consistent title contender in the Turkish Süper Lig in order to secure regular participation in UEFA competitions.

In 2016/17, Beşiktaş JK look to compete for the title once more and, although finishing third in their UEFA Champions League group, can also look forward to a UEFA Europa League campaign in the second half of the season.

³ Revenue Per Event Per Available Seat.

⁴ Beşiktaş JK played in three different stadiums during the 2015/16 season, including three matches in the new Vodafone Arena, with a weighted average capacity of 35,475.

Picture: Beşiktaş JK





LaLiga
Spain

FC Barcelona: Key Performance Indicators (EUR m, 2015/2016)

	Matchday	121.4	YoY Operating revenues growth 11%
	Broadcasting	202.7	
	Commercial & Other	296.1	
	Total Operating Revenues	620.2	
	Total Staff costs	371.7	Staff costs / Operating revenues 60%
	Pre-tax profit/loss	35.8	
	Profit/Loss after tax	28.8	
	Average attendance	78,736	Utilisation rate 79%
	Stadium capacity	99,354	
	Social Media Followers	176.32 million	



Enterprise Value 1 Jan. 2016

Source: KPMG Football Club Valuation: The European Elite 2016

2,758 EUR m



Squad market value

Source: Transfermarkt. Data retrieved at the club's financial year end.

698.0 EUR m



LaLiga: Broadcasting Market

LaLiga has experienced the most relevant regulatory changes in recent years. LaLiga teams sold the rights collectively for the first time in 2015/16 as opposed to the previous individual club negotiations, a change that has had a positive impact especially on smaller Spanish clubs.

Domestic broadcasting rights

3,094 EUR m

Duration of the agreement

2016-2019
(3 seasons)

FC Barcelona

In the 2015/16, FC Barcelona secured their 24th and second consecutive league title. Although, as a result of the UEFA Champions League quarter-final defeat to Atlético de Madrid, Luis Enrique's squad could not match the achievements of 2014/15, the club recorded record figures off the pitch.

Growth in commercial revenues was driven especially by an improvement in various sponsorship agreements, including with kit supplier Nike. In terms of matchday revenues, the club also generated a further increase in takings from ticketing and hospitality, even though, with an average attendance of 78,736 and utilisation ratio of 79%, the club is not yet fully leveraging the competitive advantage of playing at Europe's largest venue.

Conversely, as a result of a new collective bargaining of LaLiga's domestic broadcasting rights and the club's shorter Champions League campaign, FC Barcelona experienced only minimal growth in broadcasting revenues.

Despite failing to retain their Champions League crown, FC Barcelona also won the Spanish Cup (Copa del Rey), UEFA Super Cup and FIFA Club World Cup, victories which translated into additional bonuses for the playing squad. Thus, as total employee expenses grew at approximately the same pace as operating revenues (9%), the club maintained the staff costs-to-revenues ratio at slightly above 60%, in line with the previous season and fully compliant with UEFA Financial Fair Play Regulations.

At the same time, a lower level of investment in new signings compared to previous seasons had a positive impact on the books. While Arda Turan's reported EUR 34 million transfer was the club's most notable acquisition, the club also made remarkable profits from the sale of homegrown talents such as Pedro to Chelsea FC and Adama Traoré to Aston Villa FC.

Overall, the club's sustainable management strategy resulted in an after-tax profit of EUR 28.8 million (an impressive 90% increase on the EUR 15.2 million reported at the end of the 2014/15 season), a figure only hampered by significant extraordinary expenses related to court settlements.

Continuous on-pitch success and the constant growth of commercial revenues in recent seasons have allowed FC Barcelona to close the income gap with rivals Real Madrid CF. The Catalans' strong digital footprint—with 176 million followers, the highest number among football clubs in the world—together with deals such as the recent sponsorship agreement with Japanese online firm Rakuten and the opening of an office in New York, provide firm evidence of the *Blaugrana's* global ambitions.

In 2016/17, FC Barcelona have trailed historic rivals Real Madrid all season but topped their UEFA Champions League group and will face Paris Saint-Germain FC in the Round of 16.







Picture: FC Barcelona





Bundesliga Germany

FC Bayern München: Key Performance Indicators (EUR m, 2015/2016)

	Matchday	101.8	YoY Operating revenues growth 25% 
	Broadcasting	147.6	
	Commercial & Other	342.6	
	Total Operating Revenues	592.0	
	Total Staff costs	260.3	Staff costs / Operating revenues 44%
	Total staff costs refer exclusively to parent company FC Bayern München AG. Consolidated data were not available at the date of publication		
	Pre-tax profit/loss	53.9	
	Profit/Loss after tax	33.0	
	Average attendance	75,000	Utilisation rate 100%
	Stadium capacity	75,000	
	Social Media Followers	53.33 million	



Enterprise Value 1 Jan. 2016

Source: KPMG Football Club Valuation: The European Elite 2016

2,153 EUR m



Squad market value

Source: Transfermarkt. Data retrieved at the club's financial year end.

578.6 EUR m



Bundesliga: Broadcasting Market

The current broadcasting rights agreement for the Bundesliga and Bundesliga 2 will expire at the end of the 2016/17 season. The new deal (EUR 1.16 billion per season), supported by the introduction of a 'no single buyer rule', marks an impressive increase of 85% over the current agreement.

Domestic broadcasting rights

2,510 EUR m

Duration of the agreement

2013-2017
(4 seasons)

FC Bayern München

The Pep Guardiola era at FC Bayern München came to a bittersweet conclusion at the end of 2015/16. The Bavarian club won the domestic double but, once again, their UEFA Champions League campaign ended at the penultimate stage.

Although of little consolation to the club's fans, from a business performance perspective, the 2015/16 season marked a milestone for FC Bayern's international ambitions. Indeed, FC Bayern recorded operating revenues of EUR 592 million, an impressive year-on-year increase of 25%. As in previous years, this figure was mainly driven by very strong commercial income (EUR 342.6 million). However, the major percentage growth came from broadcasting income (39%) as the club received EUR 14.5 million and EUR 20.7 million more from Bundesliga and UEFA Champions League, respectively.

Growth in matchday revenues was less noticeable as FC Bayern continued to play every fortnight to capacity crowds at the Allianz Arena (the fourth highest average attendance among all European leagues) while maintaining competitive ticket prices, especially when compared to the English counterparts, and in line with the common practice among German clubs.

Unsurprisingly, a look into the club's employee expenses underlines their reputation for sustainable management, as the staff costs-to-revenues is the lowest between the clubs considered in this report, standing at a healthy 44%⁵.

At the same time, to maintain competitiveness on all fronts, FC Bayern devoted significant resources to reinforce their squad with the acquisition of Arturo Vidal and Douglas Costa, which, unlike in previous seasons, were not offset by comparable departures.

The combination of consistent sporting performance and sustainable management resulted in a new record profit after tax of EUR 33 million, a figure which combines profit from the club (FC Bayern München AG) and venue operations (Allianz Arena München Stadion GmbH). The figure, 38% higher than the previous season, is the highest among all European champions included in this report.

In addition, FC Bayern, through their Parent company FC Bayern München AG, are one of the few football clubs distributing dividends to shareholders, in this case to the sports club itself and to minority owners Allianz, Adidas and Audi.

As international competitors narrow the commercial revenues gap with the club, FC Bayern are surely eagerly anticipating the new Bundesliga broadcasting agreement, which comes into effect in the 2017/18 season.

FC Bayern have had a more challenging first half of 2016/17, with Bundesliga debutants RB Leipzig providing stiff competition at the top of the table. Nevertheless, they went into the winter break in first place, albeit by a narrow margin. They finished second in their UEFA Champions League group, losing two of their six games, to reach the Round of 16.

⁵ Total staff costs refer exclusively to parent company FC Bayern München AG. Consolidated data were not available at the date of publication

Picture: Richard Bartz





Serie A
Italy

Juventus FC: Key Performance Indicators (EUR m, 2015/2016)

	Matchday	44.1	YoY Operating revenues growth 5%
	Broadcasting	194.9	
	Commercial & Other	102.5	
	Total Operating Revenues	341.5	
	Total Staff costs	221.5	Staff costs / Operating revenues 65%
	Pre-tax profit/loss	11.6	
	Profit/Loss after tax	4.1	
	Average attendance	38,662	Utilisation rate 93%
	Stadium capacity	41,475	
	Social Media Followers	35.39 million	



Enterprise Value 1 Jan. 2016

Source: KPMG Football Club Valuation: The European Elite 2016

983 EUR m



Squad market value

Source: Transfermarkt. Data retrieved at the club's financial year end.

397.3 EUR m



Serie A: Broadcasting Market

The next negotiation for the 2018-21 period will be crucial in determining whether Italian clubs, whose income has traditionally been heavily driven by broadcasting revenues, will be able to keep up with the recent growth of other leagues.

Domestic broadcasting rights

3,201 EUR m

Duration of the agreement

2015-2018
(3 seasons)

Juventus FC

Following a five-year winning streak as champions of Serie A, Juventus FC announced record operating revenues for the 2015/16 season of EUR 341.5 million, a 5% increase on 2014/15, and a net profit, this time of EUR 4 million, for the second consecutive year. This successful performance was mirrored on the stock exchange: the *Bianconeri* ended 2016 with a share price of EUR 0.30, a 16% increase on 2015's closing price of EUR 0.26.

Commercial revenues paved the way for the overall growth, with a 35% year-on-year increase, mainly attributable to enhanced technical and jersey sponsor deals with Adidas and Jeep, and the successful direct control of licensing and merchandising.

The club, unlike the vast majority of their Italian counterparts, benefit from the competitive advantage of stadium ownership. Since the inauguration of Juventus Stadium, average attendances have climbed to last season's 38,662 spectators, with a landmark utilisation rate of 93%, by far the highest in a league that struggles to keep its venues up to date and actively usable for fans. However, despite their domestic success, Juventus' RevPEPAS⁶ diminished from EUR 46.5 to EUR 42.5 (-9%), mostly due to a UEFA Champions League campaign that ended in the Round of 16.

Juventus FC profited from their growing international exposure, which has tapped into global fan bases and allowed them to overtake AC Milan as the most followed Italian club on social media, while partially bridging the gap with their major European competitors. Following this strategy, the club have invested considerably in

strengthening the team. The squad market value saw a significant 25% increase year-on-year.

Juventus' main source of revenues is broadcasting, accounting for 57% of the total for 2015/16. Domestically, their recent success and the collective distribution process for broadcasting revenues in Italy, based on historical results and fan base, makes the club one of the highest earners from this source across Europe. However, a vital segment of that income is derived from continued participation in the UEFA Champions League, which in 2015/16 accounted for EUR 76 million.

As a consequence of the club's efforts to maintain competitiveness, investments in staff have risen by 12%, accompanied by slight growth in the staff costs-to-revenues ratio of 6%. For the second consecutive year, Juventus FC reported both pre-tax and after-tax profit, an impressive turnaround considering that in 2010/11, the first year of the Andrea Agnelli's era, a EUR 95 million loss was incurred.

While Juventus Stadium has proved to be a key competitive advantage so far, some challenges remain for the club. In order to remain competitive on the international stage, it will be fundamentally important for the *Old Lady* to continue growing their commercial revenues, monetising on their broad popularity and building a presence in overseas markets.

In 2016/17, Juventus FC went into the Christmas break in their familiar position at the top of Serie A and with a place in the last 16 of the UEFA Champions League secured. Moreover, attendances at Juventus Stadium continued their upward trajectory, averaging over 40,000.

⁶ Revenue Per Event Per Available Seat.

Picture: Gabriele Barberis





Premier
League
England

Leicester City FC: Key Performance Indicators (EUR m, 2015/2016)

	Matchday	15.4	YoY Operating revenues growth 26%
	Broadcasting	126.4	
	Commercial & Other	30.0	
	Total Operating Revenues	171.9	
	Total Staff costs	n/a	Staff costs / Operating revenues n/a
	Pre-tax profit/loss	n/a	
	Profit/Loss after tax	n/a	
	Average attendance	32,021	Utilisation rate 99%
	Stadium capacity	32,312	
	Social Media Followers	8.92 million	



Enterprise Value

Source: KPMG Football Club Valuation: The European Elite 2016

n/a



Squad market value

Source: Transfermarkt. Data retrieved at the club's financial year end.

127.0 EUR m



Premier League: Broadcasting Market

The record-breaking new agreement, effective from 2016/17, represented a 71% increase over the previous domestic deal despite only selling the rights to broadcast 168 matches, out of a total of 380 matches played each season.

Domestic broadcasting rights

5,136 GBP m

Duration of the agreement

2016-2019
(3 seasons)

Leicester City FC

As the lead characters in what has been referred to as the greatest sporting fairy-tale of all-time, Leicester City FC's journey to the English Premier League crown in 2015/16 has passed into the annals of history. From being in the English third tier (the Football League One) as recently as 2008/09 and narrowly avoiding relegation in 2014/15, the club rewrote the record book for English football and became the first new champions since Nottingham Forest FC in 1977/78, and the first from outside an elite group since Blackburn Rovers FC in 1994/95.

Not only was this astonishing result remarkable from a footballing perspective, but the *Foxes* were also able to defy financial reality. Indeed, at the end of the 2015/16 season, the club reported record turnover of EUR 171.9 million, 2.4 times smaller than that of the previous season's Premier League champions, Chelsea FC (EUR 418.9 million).

Broadcasting revenues, totalling EUR 126.4 million, represented 74% of the club's operating turnover and displayed a 31% increase on the previous season. This was attributable to Leicester City FC's final position at the top of the league and a higher number of live matches involving the club. While the Premier League has the most lucrative broadcasting deal, it also has the most egalitarian distribution criteria with a first-to-last ratio of just 1.5.

To a lesser extent, the positive on-pitch result also positively impacted matchday and commercial revenues, which grew at 11% and 14%, respectively. However, in forthcoming seasons Leicester City FC could see further commercial expansion due to the huge upswing in positive sentiment for

the club, as reflected by their nine million followers on social media, more than established big names such as SL Benfica (35 domestic titles) and PSV Eindhoven (23 domestic titles).

Thanks to the financial stability that avoiding relegation brought to the club (EUR 40.9 million after tax profit in the 2014/15 season), the *Foxes* were able to reinforce their squad with the arrivals, among others, of then largely unknown French midfielder N'Golo Kanté from SM Caen and striker Shinji Okazaki from German side FSV Mainz 05.

These arrivals, costing only relatively modest fees, played a key role in supporting two revelations: Algerian midfielder Riyad Mahrez, who was named Premier League Player of the Year, and striker Jamie Vardy, who finished second in the league's goalscoring list with 24 goals. Indeed, as a result of the impressive performance of the squad, Leicester's squad market value was boosted by 117%, the highest among the teams covered in this report, from EUR 58.7 million to EUR 127.0 million at the end of the 2015/16 season.

The ongoing Premier League season, with the traditional leaders back at the top, confirms the magnitude of Leicester City's achievement under Claudio Ranieri. Should the *Foxes* have a quiet season in 2016/17, the lucrative revenues from UEFA Champions League participation, which will be a stand-out figure in the financials for the 2016/17 campaign, will provide them with some competitive advantages in the future.

In the first half of 2016/17, Leicester City's defence of their title was lacklustre at best. However, their debut UEFA Champions League campaign progressed well and they won a group involving FC Porto, Club Brugge and FC Copenhagen.

Picture: Leicester City FC/Plumb Images





Ligue 1 France

Paris Saint-Germain FC: Key Performance Indicators (EUR m, 2015/2016)

	Matchday	92.5	YoY Operating revenues growth 8%
	Broadcasting	123.1	
	Commercial & Other	305.3	
	Total Operating Revenues	520.9	
	Total Staff costs	292.4	Staff costs / Operating revenues 56%
	Pre-tax profit/loss	10.9	
	Profit/Loss after tax	10.4	
	Average attendance	46,160	Utilisation rate 96%
	Stadium capacity	47,929	
	Social Media Followers	38.17 million	



Enterprise Value 1 Jan. 2016

Source: KPMG Football Club Valuation: The European Elite 2016

843 EUR m



Squad market value

Source: Transfermarkt. Data retrieved at the club's financial year end.

414.8 EUR m



Ligue 1: Broadcasting Market

In the 2016/17 season the French top division can boast the fourth highest annual revenues from broadcasting rights among European leagues. In Ligue 1 half of the broadcasting revenues is split evenly among clubs, whereas the rest is distributed according to final league position and audience ratings.

Domestic broadcasting rights

2,908 EUR m

Duration of the agreement

2016-2020
(4 seasons)

Paris Saint-Germain FC

Paris Saint-Germain FC (PSG) showed their usual relentless form in the 2015/16 season, repeating for a second successive campaign the French quadruple – Ligue 1, Coupe de France, Coupe de la Ligue and Supercup. The domestic dominance of Laurent Blanc's squad was illustrated by the 9-0 dismantling of ESTAC Troyes that wrapped-up the fourth consecutive league title in mid-March, with a 31 points difference to second placed teams Olympique Lyonnais and AS Monaco FC.

In spite of these runaway successes, the club might look back at last season with mixed feelings as the ambition of securing the first UEFA Champions League trophy in the club's history again ended at the quarter-final stage, this time after a closely-fought tie with Manchester City FC.

Meanwhile, financial results were as positive as ever. PSG recorded operating revenues of EUR 520.9 million, an 8%-plus year-on-year increase, alongside a 17% rise in after-tax profits of EUR 10.4 million.

PSG's business was driven especially by commercial revenues, which surpassed the EUR 300 million threshold, confirming the commercial appeal of Europe's eighth most followed club on social media. In this regard, PSG enjoy a following that is five times the total of their historic rivals Olympique de Marseille. However, the fact that this revenue stream accounts for 60% of the club's total operating income also highlights the lower value of Ligue 1's broadcasting rights when compared to other major leagues.

At the same time, the club also managed to improve the potential of their home stadium, Parc des Princes, which was renovated for UEFA Euro 2016 and registered a capacity utilisation rate of well over 90% for the fourth

year in a row; this performance was also highlighted in a RevPEPAS⁷ growth of 11%.

On-pitch success did not come cheap, however, and total personnel costs rose by 10%, a slightly higher rise than total operating revenues but still maintaining a healthy staff costs-to-revenues ratio of 56%. PSG's high staff costs, the second highest among all European champions after FC Barcelona, represent not only the club's ambitions to compete at the maximum level internationally but also the competitive disadvantage that the higher fiscal and social costs in France represent to clubs in Ligue 1.

Such ambitions are also reflected into the market value of the squad. Owing to the acquisitions of Argentinian winger Ángel Di María and French left-back Layvin Kurzawa, this value grew by 16% from previous season.

In recent seasons, through continuous Champions League participation and the arrival of stars of the caliber of Zlatan Ibrahimović and Thiago Silva, Paris Saint-Germain FC have developed into a truly international brand. However, as French domestic football's overall appeal lags behind that of other major leagues, Ligue 1's ability to keep pace with the likes of LaLiga or Bundesliga will be key to the future growth, not only of Paris Saint-Germain FC, but also of all their domestic peers.

With changes in personnel, notably the loss of the talismanic Ibrahimović, PSG's 2016/17 campaign has been more challenging than recent seasons. *Les Parisiens* went into the winter interlude trailing OGC Nice and AS Monaco FC, but in the UEFA Champions League they finished second in their group to qualify for the Round of 16.

⁷ Revenue Per Event Per Available Seat.

Picture: Paris Saint-Germain FC





Eredivisie
Netherlands

PSV Eindhoven: Key Performance Indicators (EUR m, 2015/2016)

	Matchday	16.0	YoY Operating revenues growth 48%
	Broadcasting	41.1	
	Commercial & Other	38.1	
	Total Operating Revenues	95.3	
	Total Staff costs	45.9	Staff costs / Operating revenues 48%
	Pre-tax profit/loss	5.8	
	Profit/Loss after tax	4.3	
	Average attendance	33,594	Utilisation rate 96%
	Stadium capacity	35,000	
	Social Media Followers	1.21 million	



Enterprise Value 1 Jan. 2016

Source: KPMG Football Club Valuation: The European Elite 2016

175 EUR m



Squad market value

Source: Transfermarkt. Data retrieved at the club's financial year end.

118.6 EUR m



Eredivisie: Broadcasting Market

The Dutch top division is in its fourth season of a 12-year broadcasting agreement with Fox International Channels, which currently owns a majority interest in Eredivisie Media and Marketing (EMM), the company that owns the rights of the Eredivisie.

Domestic broadcasting rights

960 EUR m

Duration of the agreement

2013-2025
(12 seasons)

PSV Eindhoven

Under club legend Phillip Cocu, PSV Eindhoven have rediscovered winning ways and in 2015/16 secured a second consecutive Eredivisie title, narrowly falling to eventual finalists Atlético de Madrid in the UEFA Champions League Round of 16.

The successful campaign was reflected in the club's financials, which recovered following a period of stagnant operating revenues owing to the club's absence from Europe's top international competition.

Operating turnover increased by 48%, from EUR 64.2 million to EUR 95.3 million at the end of the 2015/16 season. PSV's figures highlight both the ongoing struggle of clubs from mid-sized leagues to keep pace with their fast-growing peers and the positive impact that Champions League revenues can have on the bottom line.

In contrast to the previous season, when PSV's international campaign ended in the UEFA Europa League Round of 32 against FC Zenit Saint Petersburg, the club's run to the Champions League play-off stage in 2015/16 brought in more than EUR 34 million in prize money. This sum was the key driver for the improved business results.

While matchday revenues, still far from those recorded in the major leagues, also grew thanks to higher season ticket sales, revenues from broadcasting of domestic competition and commercial revenues—with long-time main sponsor Philips in its last season—remained almost unchanged.

PSV's successful on-pitch results also had a direct impact on personnel expenses which grew by 14%, at a significantly slower pace than operating turnover, and thus maintaining a very healthy staff costs-to-revenues ratio

below 50%. Despite the importance of participation in UEFA competitions, even when prize money was negligible, the club have been able to keep this ratio way below the 70% threshold recommended by UEFA and to post a profit.

At the same time, the PSV completed various signings to compensate for the departure of academy talent Memphis Depay to Manchester United FC. The investment in new arrivals, including Uruguayan striker Gastón Pereiro and Mexican international Andrés Guardado, was reflected on the books with the first negative player trading balance of recent seasons.

Due to the limited international appeal of the Dutch top-flight, the size of the local broadcasting market and the Eredivisie's ongoing 12-year agreement with Fox, Champions League prize money will remain, in the short-term, PSV's major revenue stream, underlining the importance of continuous participation in the competition.

Aware of the challenging landscape for clubs from outside the "big five" leagues, and inspired by FC Bayern Munich's model of strategic ownership, PSV Eindhoven recently created the PSV partner fund through which the club will receive additional capital from strategic partners, strengthening the club's financial position and supporting their efforts to compete with the European powerhouses.

In 2016/17, PSV are competing at the top of the Eredivisie, but are way behind this season's leaders, Feyenoord Rotterdam. The club's UEFA Champions League was disappointing, however, with PSV failing to win any of the six group stage games and therefore finishing bottom and outside of a qualifying place for the UEFA Europa League.

Picture: PSV Eindhoven





Primeira
Liga
Portugal

SL Benfica: Key Performance Indicators (EUR m, 2015/2016)

	Matchday	21.7	YoY Operating revenues growth 24%
	Broadcasting	68.5	
	Commercial & Other	35.9	
	Total Operating Revenues	126.1	
	Total Staff costs	61.5	Staff costs / Operating revenues 49%
	Pre-tax profit/loss	20.5	
	Profit/Loss after tax	20.4	
	Average attendance	50,322	Utilisation rate 77%
	Stadium capacity	65,647	
	Social Media Followers	5.01 million	



Enterprise Value 1 Jan. 2016

Source: KPMG Football Club Valuation: The European Elite 2016

285 EUR m



Squad market value

Source: Transfermarkt. Data retrieved at the club's financial year end.

171.3 EUR m



Primeira Liga: Broadcasting Market

Portuguese clubs negotiate broadcasting rights deals individually. SL Benfica agreed to an initial three-year contract with NOS, with an option to extend to 10 years (EUR 400 million), including the distribution of the club's home matches and Benfica TV, which also has the rights to broadcast multiple top European leagues.

Domestic broadcasting rights

400 EUR m

Duration of the agreement

2016-2026
(10 seasons)

SL Benfica

In the first season following the departure of Jorge Jesus, the manager who brought SL Benfica three Primeira Liga titles in seven years, the Eagles confirmed their dominance in Portugal with a third consecutive championship triumph in 2015/16. Moreover, new head coach Rui Vitória also led SL Benfica to the UEFA Champions League quarter finals, the club's best result in four years.

As expected, success on the international stage was the main driver of SL Benfica's growth in operating revenues (24%) and an after-tax profit of EUR 20.4 million (an impressive 188% increase from the previous season's EUR 7.1 million), ensuring the club posted positive bottom-line results for three successive seasons. However, it should be noted that these results were not reflected on the stock exchange. At the end of 2016, the club's share price was EUR 0.98, representing a 6% drop on the previous year-end price of EUR 1.04.

SL Benfica's UEFA Champions League successful campaign drove the growth in both matchday and broadcasting revenues, with 18% and 39% increases respectively, thanks to distribution of revenues from UEFA, which, at EUR 34 million, was double the previous season's prize money.

Revenues from domestic competitions, where league broadcasting rights are still sold on a club-by-club basis, remained flat as SL Benfica's latest agreement with Portuguese broadcaster NOS only came into effect in the 2016/17 season.

At home, the 65,647 capacity Estádio da Luz again proved to be a competitive advantage for the club. With an average attendance of 50,322, the highest crowd in the Primeira Liga, SL Benfica generated higher income from ticketing than chief rivals FC Porto and Sporting CP.

Despite the significant growth in revenues, SL Benfica's employee costs grew by only 3%, thus bringing the staff costs-to-revenues ratio down from 58% to 49%. Moreover, as with their Portuguese peers, the club continued to profit from player trading to balance the books which, in SL Benfica's case, were burdened by significant interest charges.

Having reached the play-off stage of Europe's most valuable competition once again, and with a new broadcasting agreement, the short-term future of the club seems bright from a business perspective. However, successful player trading activity and individual bargaining of broadcasting rights have been key for the club to remain competitive on the international stage, and the current landscape of booming broadcasting agreements, more favourable to leagues with an international fan base, along with the player trading regulatory framework, may pose challenges in the medium to long-term.

In 2016/17, however, SL Benfica's defence of their Primeira Liga title appears to be on track; indeed, at the halfway stage, they lead the table by six points.

Picture: SL Benfica



Summary Table

Financial figures are in EUR m	Beşiktaş JK	FC Barcelona	FC Bayern München	Juventus FC
Operating revenues¹²	101.1	620.2	592.0	341.5
Matchday	14.9	121.4	101.8	44.1
Broadcasting	42.9	202.7	147.6	194.9
Commercial & Other	43.3	296.1	342.6	102.5
Total Staff costs	60.5	371.7	260.3 ⁸	221.5
Staff costs/Op. Revenues %	60%	60%	44% ⁸	65%
Pre-tax profit/loss	-18.0	35.8	53.9	11.6
Profit/Loss after tax	-18.2	28.8	33.0	4.1
Average attendance (dom. league)	18,668	78,736	75,000	38,662
Stadium capacity	35,475	99,354	75,000	41,475
Utilisation ratio (dom. league)	53%	79%	100%	93%
Social Media Followers (million)	9.21	176.32	53.33	35.39
EV (EUR million) 1 Jan. 2016	n/a	2,758	2,153	983
Transfermarkt squad value (2015/16 season end)	118.0	698.0	578.6	397.3

Domestic broadcasting rights	Süper Lig ¹⁰	LaLiga	Bundesliga ⁹	Serie A
Total value of current deal	USD 900 m	EUR 3,094 m	EUR 2,510 m	EUR 3,201 m
Per season value (current deal)	USD 450 m	EUR 1,031 m	EUR 627.5 m	EUR 1,067 m
Negotiation period (current deal)	2015-17 (2 seasons)	2016-19 (3 seasons)	2013-17 (4 seasons)	2015-18 (3 seasons)

⁸ Total staff costs refer exclusively to parent company FC Bayern München AG. Consolidated data were not available at the date of publication

⁹ A new deal, worth EUR 1.16 billion per season, will cover the 2017-2021 period

¹⁰ A new deal, worth USD 500 million per season, will cover the 2017-2022 period

¹² KPMG is aware that some professional football clubs record player trading activities within their revenue figures. Where evident in the Financial Statements, the analysis of total revenues within this report excludes all player trading activity. To better illustrate the performance of professional football clubs across their core operations, KPMG has attempted to categorise revenue into three areas - matchday, broadcasting, and commercial with the following definitions:

- Matchday revenues – the revenues generated by clubs as a result of staging matches at their home stadium and largely derived from ticket sales;
- Broadcasting revenues – the media broadcasting revenues received by clubs due to their participation in domestic leagues, domestic cups and international competitions.
- Commercial revenues – the revenues generated by clubs from sponsorship, merchandising and other commercial operations.

Where KPMG considered it appropriate, adjustments have been made to revenue figures to, as far as possible, allow consistent comparison across clubs.

Financial figures are in EUR m	Leicester City FC	Paris Saint-Germain FC	PSV Eindhoven	SL Benfica
Operating revenues¹²	171.9	520.9	95.3	126.1
Matchday	15.4	92.5	16.0	21.7
Broadcasting	126.4	123.1	41.1	68.5
Commercial & Other	30.0	305.3	38.1	35.9
Total Staff costs	n/a	292.4	45.9	61.5
Staff costs/Op. Revenues %	n/a	56%	48%	49%
Pre-tax profit/loss	n/a	10.9	5.8	20.5
Profit/Loss after tax	n/a	10.4	4.3	20.4
Average attendance (dom. league)	32,021	46,160	33,594	50,322
Stadium capacity	32,312	47,929	35,000	65,647
Utilisation ratio (dom. league)	99%	96%	96%	77%
Social Media Followers (million)	8.92	38.17	1.21	5.01
EV (EUR million) 1 Jan. 2016	N/A	843	175	285
Transfermarkt squad value (2015/16 season end)	127.0	414.8	118.6	171.3

Domestic broadcasting rights	Premier League	Ligue 1	Eredivisie	Primeira Liga ¹¹
Total value of current deal	GBP 5,136 m	EUR 2,908 m	EUR 960 m	EUR 400 m
Per season value (current deal)	GBP 1,712 m	EUR 727 m	EUR 80 m	EUR 40 m
Negotiation period (current deal)	2016-19 (3 seasons)	2016-20 (4 seasons)	2013-25 (12 seasons)	2016-2026 (10 seasons)

¹¹ Figures refer to SL Benfica broadcasting rights. Extension to 10 years contract to be agreed after three seasons.

¹² KPMG is aware that some professional football clubs record player trading activities within their revenue figures. Where evident in the Financial Statements, the analysis of total revenues within this report excludes all player trading activity. To better illustrate the performance of professional football clubs across their core operations, KPMG has attempted to categorise revenue into three areas - matchday, broadcasting, and commercial with the following definitions:

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- Commercial revenues – the revenues generated by clubs from sponsorship, merchandising and other commercial operations.

Where KPMG considered it appropriate, adjustments have been made to revenue figures to, as far as possible, allow consistent comparison across clubs.

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 extrapolated from the Financial Statements of the 2015/16 football season.

In case the Financial Statements of the clubs were not available and whenever we considered it necessary, KPMG has 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 either from the relevant public sources in each country or other public sources (for example a club's official website). As far as the team responsible for the production of this report is aware, the Financial Statements for each professional football club have been prepared on the basis of the accounting regulations and principles in their respective country or in compliance with International Financial Reporting Standards ("IFRS"). 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 of the clubs. 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.

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 rates¹³, 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 tab of KPMG's www.footballbenchmark.com website.

¹³ 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 2016.



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