



The European Club Footballing Landscape

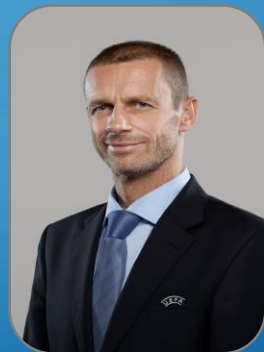


Club Licensing Benchmarking Report
Financial Year 2016



Foreword

Welcome to the ninth edition of the UEFA Club Licensing Benchmarking Report, which once again focuses on financial and other off-the-pitch developments in European club football.



In this latest edition of our report, the success story of European football stands out once more. It shows that UEFA's regulatory role in financial fair play continues to steady the ship of European football finances and provide a basis for unprecedented growth, investment and profitability. It also demonstrates that while the game remains essentially the same on the pitch, it continues to change significantly off the pitch, making it essential that we at UEFA and our other stakeholders continue to remain vigilant and true to our values.

This detailed report shows that the positive revenue, investment and profitability trends identified in last year's report are continuing. The underlying health of European club football is highlighted, with the 700 top-division clubs together generating the highest operating profits before transfers in history and year-on-year revenue growth of almost 10%. Clubs are generating revenue but they are also investing in assets and infrastructure, thanks in part to UEFA's financial fair play regulations. For the first time, club investments in stadiums and other long-term fixed assets exceeded €1bn in 2016. It is therefore perhaps not surprising that an increasing number of national associations and leagues, both inside and outside Europe, are starting to implement their own versions of financial fair play.

The data from this report and other research from our new intelligence centre helps inform our decision-making. Once more, we cannot help but note that the polarisation of commercial and sponsorship revenues between the top tier of clubs and the rest is accelerating. The top 12 'global' clubs generated a dramatic increase in commercial and sponsorship revenues of €1.58bn in six years – more than double the increase of all other European top-division clubs combined. As the guardians of the game, UEFA must ensure that football remains competitive even as financial gaps are augmented by globalisation and technological change.

Reflecting the objective of financial fair play to bring ever greater transparency to European football, this report once again provides fascinating, forensic details on clubs from all 55 UEFA member associations. It also provides some food for thought, analysing the record transfer activity that we saw in the summer 2017 transfer window, highlighting the significant level of agent commissions and agent concentration, looking at multi-club ownership, and comparing the major clubs' social media reach with that of their star players.

We would like to thank all the national associations, leagues and clubs that contributed their financial information and the whole club licensing network for their invaluable assistance.


Aleksander Čeferin
UEFA President



Introduction

The European Club Footballing Landscape continues to be the authoritative review of European club football, on the one hand providing a granular guide to club football across all 55 UEFA member associations and on the other hand identifying and documenting many of the important trends of our time.

Since the first report published in 2007 we have tried to document and present the landscape of European club football without excessive editorial control. We present the facts – some positive and some less so. This has been acknowledged by all the major football stakeholders who rely on the publication as a definitive guide to off-pitch developments in club football.

The success story that is European club football is apparent from the facts contained over the next 120 or so pages. Few, if any, activities come close to matching the continuous 10% year-on-year growth in revenues that European club football has generated since the turn of the century. This is a testament to the underlying strength and depth of existing supporter loyalty and the ability of clubs to reach out to new supporters. Everything depends on this: the continuing growth in TV revenues and the accelerating growth in sponsorship and commercial partnerships are all business arrangements predicated on accessing the end ‘customer’, namely the huge pool of football supporters.

While the ultimate source of club revenue remains essentially the same, the twin forces of technology and globalisation are leading to an unprecedented reshaping of the club football landscape. Only a limited number of clubs are able to fully exploit the enormous commercial opportunities offered by the global market. These clubs are opening offices across the world, introducing new categories and tiers to their commercial partnerships and using technology to offer tailored access to their supporters and expand the brand of both the clubs and their partners.

This report covers the financial developments of 681 top-division clubs across more than 50 leagues and documents the growing financial polarisation between clubs and their diverging business models. While uplifted TV contracts have generated 86% of revenue growth this decade for all but the largest clubs in the top six leagues, and UEFA club competition prize money and solidarity payments have provided 50% of all revenue growth for clubs outside the top six leagues, it is sponsorship and commercial revenues that have driven the revenue growth of the top dozen European clubs, contributing 55% of all their new revenue since 2010.

For other industries changes in the landscape are accepted as an inevitable fact of life. However for European football, with its unique, stable model of more than a thousand professional football clubs, a direct connection from the grassroots to the professional game and the importance of mutual cooperation and competition between clubs, changes to the landscape can bring challenges.

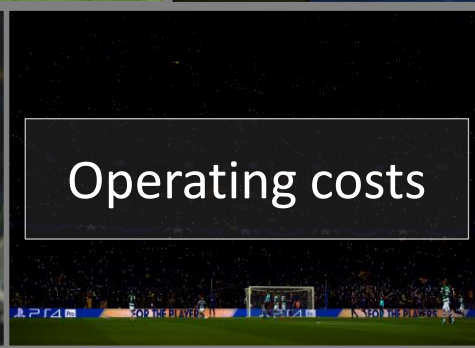
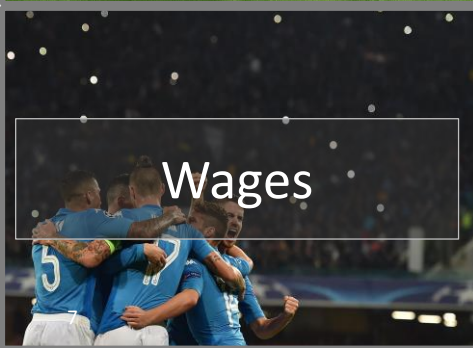
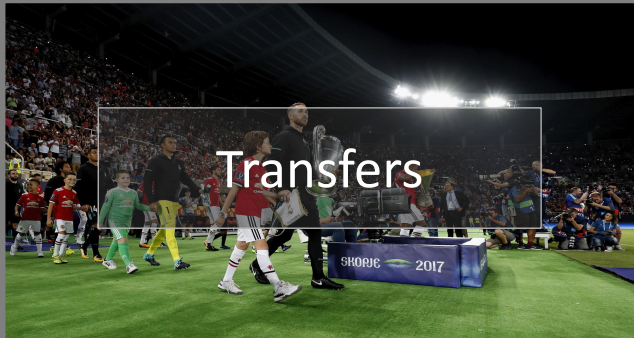
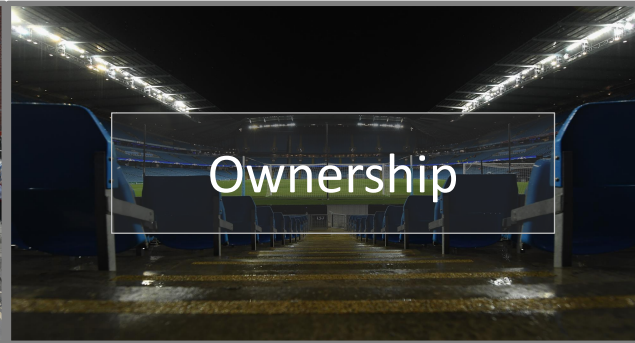
This report includes the traditional analysis of attendance trends, domestic league structures and club finances based on data provided directly to UEFA and more than 500 follow-up clarifications. In addition, highly topical new subjects are discussed, such as a comparison of clubs’ and players’ social media footprints, an analysis of football agent commission rates and agent concentration across leagues, the overlap between the 2017/18 league start and transfer window end, and the increase in both cross-border and multi-club ownership.

Club sponsorship is presented from various angles, with revenues divided into sponsor types, shirt prices compared, the different types of shirt sponsorship analysed and the ultimate sources of shirt sponsorship researched by industry.

Within the last year, the UEFA Executive Committee has approved the creation of a new strategic research unit – a UEFA intelligence centre – which is made up of a data scientist, an econometricist, a statistician and a rights advisor, who together combine specific technical expertise with in-depth knowledge of the football landscape. The primary objective of the intelligence centre, which is part of the Financial Sustainability and Research division and reports to the UEFA General Secretary, is to provide balanced strategic research insights to inform the policy-making and decision-taking of football’s key stakeholders. The production of this report now falls within the competence of the UEFA intelligence centre and continues to contribute to one of the existing objectives of club licensing and financial fair play, namely to increase transparency in the off-pitch workings of European football.

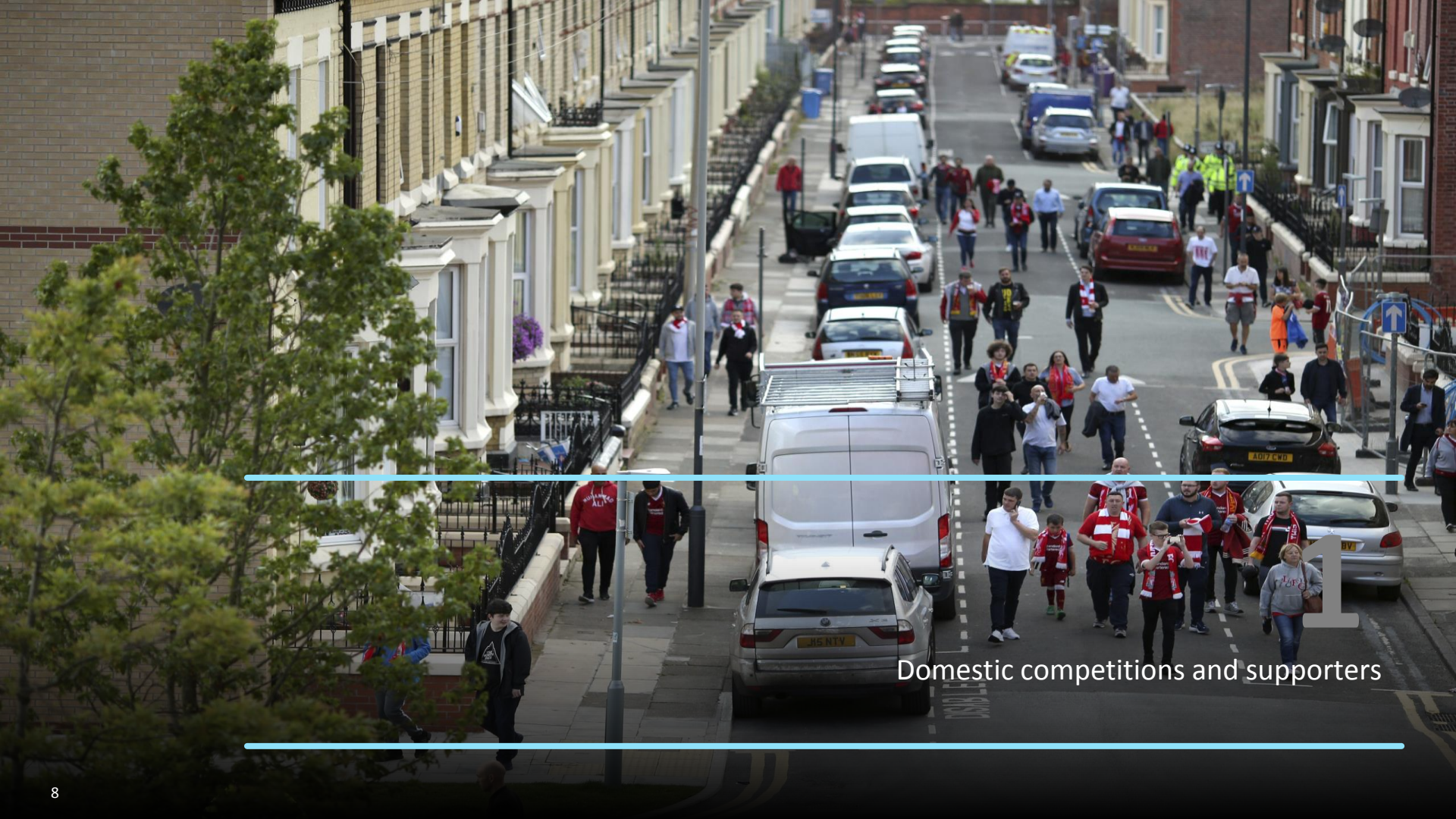
This report would not have been possible without the considerable input and support of a great many national licensing managers and clubs and numerous colleagues to whom we extend our thanks.

Sefton Perry
Head of the UEFA Intelligence Centre Analytics



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Domestic competitions and supporters

Domestic competition and supporter highlights

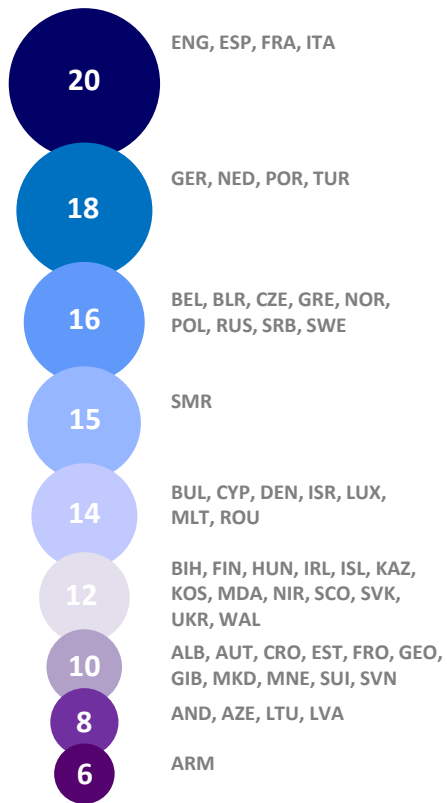
Four leagues (in Georgia, Greece, Kazakhstan and Moldova) have changed their competition structures for 2017/18

League attendances decreased in 2016/17 in 62% of leagues, reversing some of the 2015/16 attendance increases

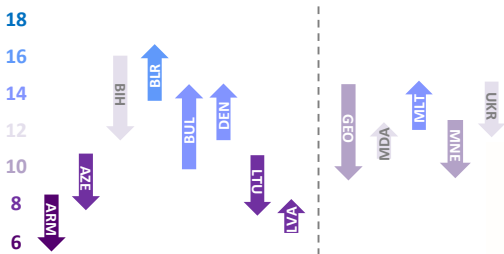
22 European clubs' websites now receive over a million monthly visitors, with the percentage of foreign visitors ranging from 91% (FC Barcelona) to 5% (Galatasaray SK)

League formats and recent changes across Europe

Number of clubs in top division

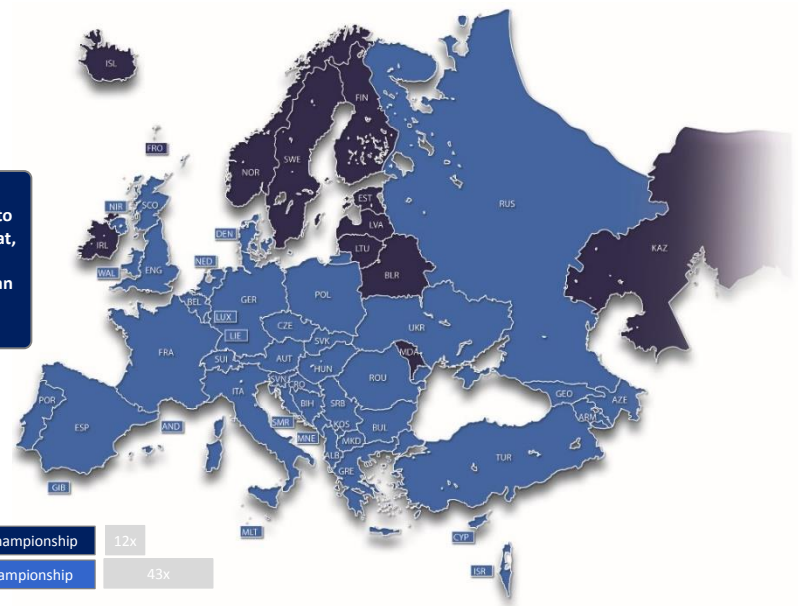


Changes in number of clubs participating in top division (2015/16 to 2017/18)

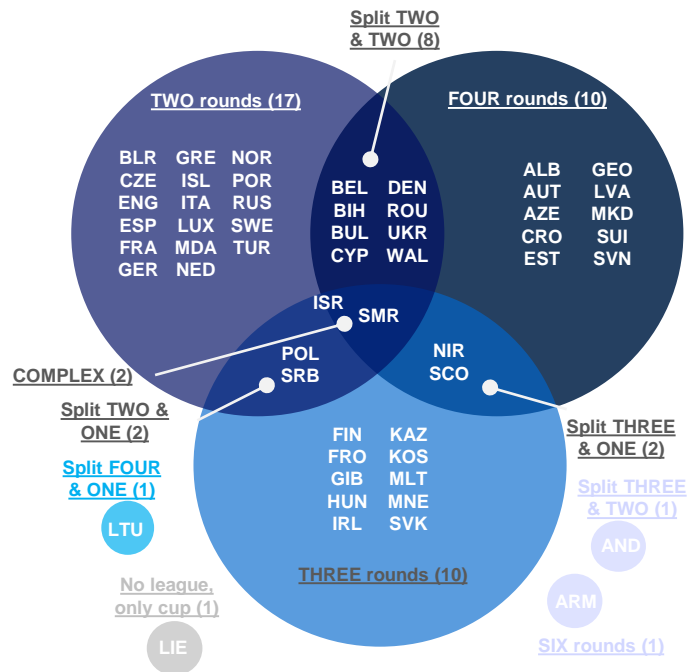


Changes in the scheduling of championships are rare but Moldova, much like Georgia in 2015/16, is running a spring to autumn season to transition from a winter to summer format, making it the 12th country to introduce a summer championship. Kosovo, this year's newcomer to the European club footballing landscape, is among the 43 countries following the winter model.

Compared with 2015/16, the total number of top-division clubs in Europe has fallen by five, continuing the long-term downward trend. Malta increased its top division from 12 to 14 clubs, with Ukraine doing the opposite. Moldova increased from 11 to 12, while Montenegro reduced from 12 to 10. Georgia introduced the most radical change, reducing its top division from 14 to 10 clubs. This brings the total number of clubs in all 55 European top-division leagues to 713 clubs.



Four leagues changed domestic league structure for 2017/18

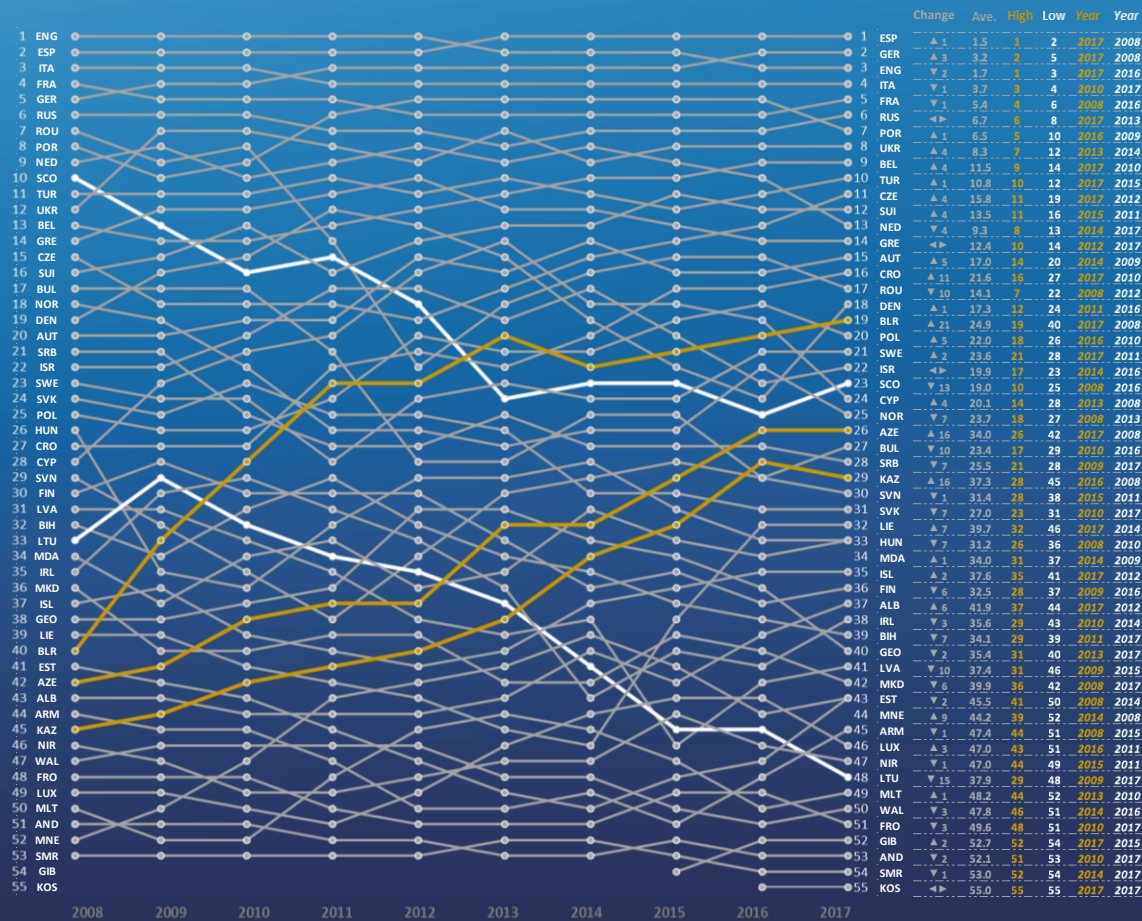


Basic format of domestic top-tier leagues
(summer 2017 and winter 2017/18 seasons)

A total of 38 leagues (69%), including the most well-known leagues with global audiences, can be described as traditional, with each team playing each of the other teams twice (17), three times (10), four times (10) or six times (Armenia).

The other 17 leagues adopt a different approach, splitting their teams into groups based on their rankings at a specific point in the season. The country trigrams of these leagues can be found overlapping two or more circles, indicating how many rounds are played before and after the leagues split.

Four leagues have made significant adjustments to their competition formats. Georgia has moved from a transitional format of two groups of clubs each playing 12 matches to a league in which 10 teams play four rounds. Similarly to Georgia, Moldova introduced a transitional season in 2017 in which 10 teams play each other twice. Kazakhstan has moved to a traditional format with three rounds instead of a split-season format. Lithuania is now the only country to play four rounds before going to a final championship round, while Greece has kept its same basic format but removed the post-season play-off for European competitions.



The rise and fall in UEFA coefficients over the decade

Trends over the last decade

UEFA club and country rankings reflect the average results of clubs over the last five seasons and can therefore provide a good indication of trends and the relative success of clubs from each country in UEFA club competitions over time.

The trends in the top 10 tend to be more stable than lower down the table, where one good series of results by a club can make a significant difference to the country's average coefficient. Nonetheless, the reversal of Italy and Germany in 3rd and 4th place was highly significant at the time, as a fourth spot in the UEFA Champions League changed hands as a result. The most dramatic fluctuation in the top half of the rankings is Romania's rise to 7th place in 2008, its subsequent fall from 8th in 2010 to 22nd just two seasons later, and its recovery to 15th place.

Lithuania is the country that has lost the most ground over the last decade, dropping 15 places from 33rd in 2007 to 48th in 2017. The other big decliners are Scotland, who have dropped 13 places to 23rd place, and Romania, Bulgaria and Latvia, who have all fallen 10 places to 17th, 27th and 41st place respectively.

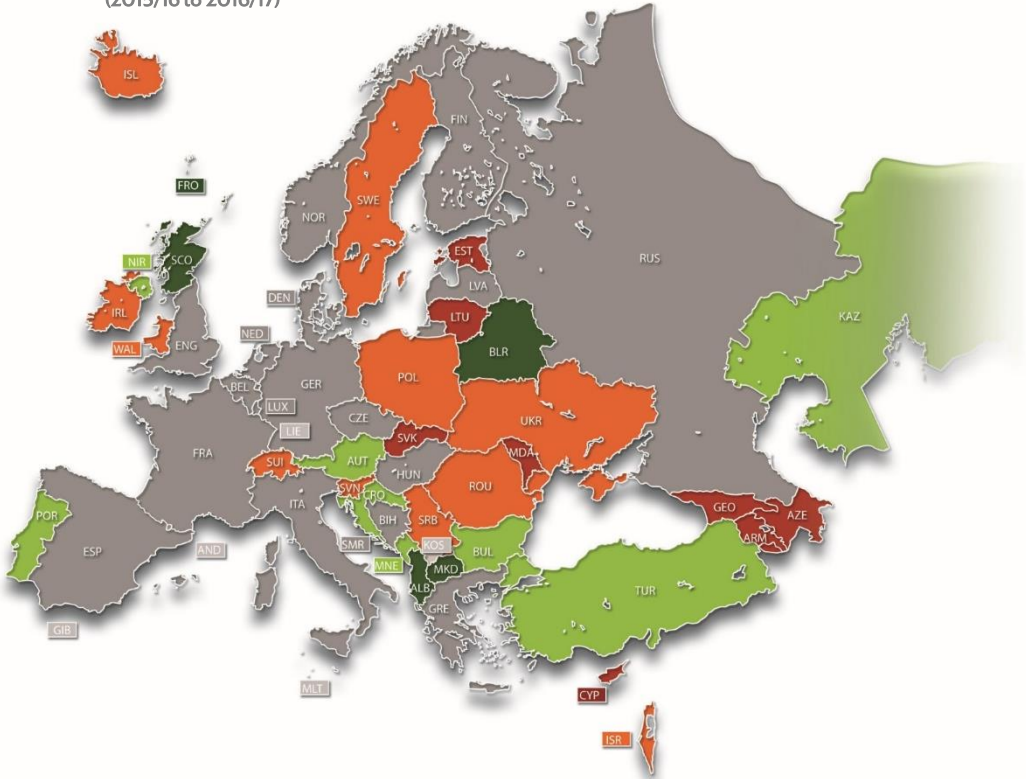
The three biggest climbers over the past decade are Belarus, who have moved up 21 places to 19th place, and Azerbaijan and Kazakhstan, who have both moved up 16 places to 26th and 29th place respectively.

European attendance levels broadly stable

The 2016/17 attendance figures of top domestic leagues totalled just under a hundred million. Compared with 2015/16, total attendances were down 1%, primarily due to the mix of clubs promoted/relegated in England and Germany. Attendances were generally stable across Europe, with 18 countries reporting a year-on-year change of less than 5%. While five leagues reported a significant increase of more than 15%, there were eight leagues, all in eastern Europe, that reported a notable decrease of more than 15%.

Attendance figures will continue to be monitored carefully by the UEFA Intelligence Centre, since the number of people attending matches is a simple but significant indicator of the health of club football.

Aggregate match attendance trends (2015/16 to 2016/17)



Increase of 15%+	5x
Increase of 5% to 15%	8x
Stable (<5% increase/decrease)	18x
Decrease of 5% to 15%	11x
Decrease of 15%+	8x
Unknown	5x

Eleven clubs enjoyed over one million league spectators

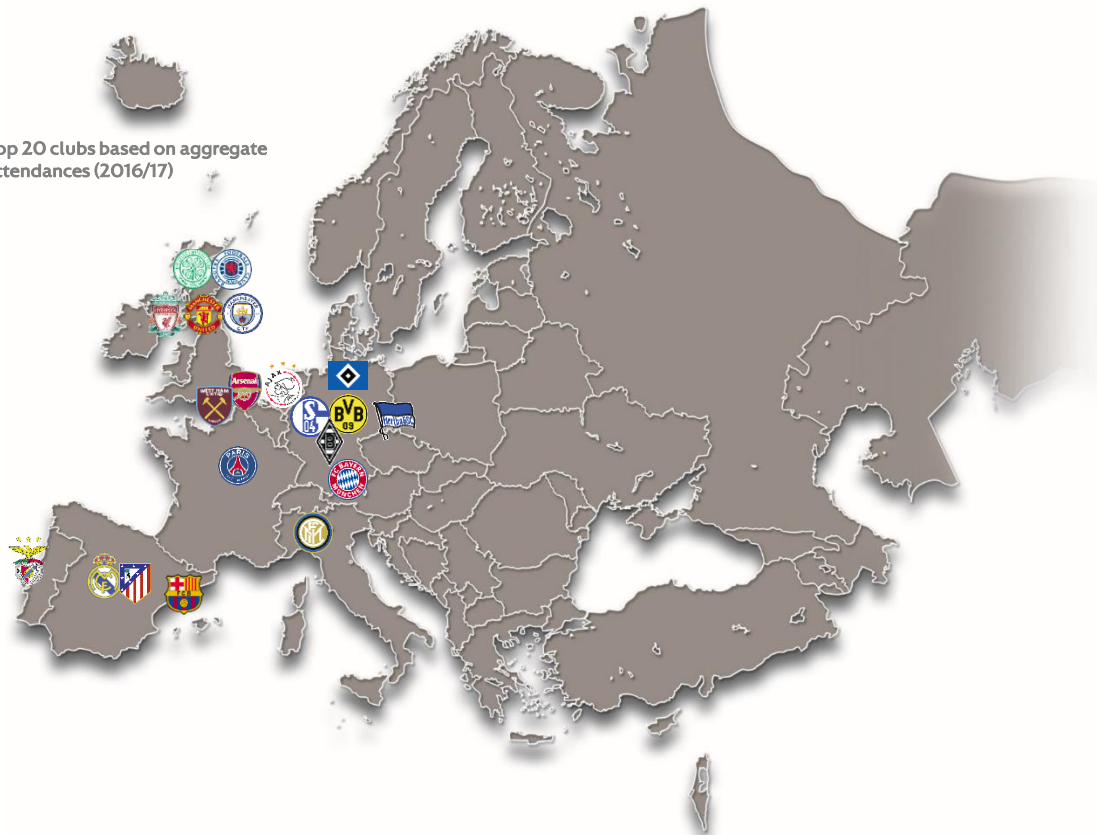
For the first time in European football, 11 clubs have reported aggregate league attendances of over a million. New in this category since last year are West Ham United FC, Celtic FC and Liverpool FC.

West Ham United FC, who completed a move to London Stadium, and Rangers FC jumped into this season's top 20, replacing Newcastle United FC and VfB Stuttgart, who were both relegated at the end of 2015/16.

Top 20 European clubs by aggregate attendances (2016/17)

Club with 2015/16 European rank by total season home LEAGUE attendances	Average	Total
1. FC Barcelona (ESP)	78,034	1,482,646
2. Manchester United FC (ENG)	75,290	1,430,510
3. Borussia Dortmund (GER)	79,653	1,354,101
4. Real Madrid CF (ESP)	69,426	1,319,094
5. FC Bayern München (GER)	75,000	1,275,000
6. Arsenal FC (ENG)	59,957	1,139,183
7. West Ham United FC (ENG)	56,972	1,082,468
8. Celtic FC (SCO)	54,726	1,039,794
9. FC Schalke 04 (GER)	60,703	1,031,951
10. Manchester City FC (ENG)	54,019	1,026,361
11. Liverpool FC (ENG)	53,016	1,007,304
12. SL Benfica (POR)	55,952	951,184
13. Rangers FC (SCO)	49,156	933,964
14. Hamburger SV (GER)	52,341	889,797
15. FC Internazionale Milano (ITA)	46,622	885,818
16. VfL Borussia Mönchengladbach (GER)	51,494	875,398
17. Paris Saint-Germain FC (FRA)	45,160	858,040
18. Hertha BSC Berlin (GER)	50,267	854,539
19. Club Atlético de Madrid (ESP)	44,710	849,490
20. AFC Ajax (NED)	49,620	843,540

Top 20 clubs based on aggregate attendances (2016/17)



Germany and England provide five of top ten most attended leagues

The Portuguese Primeira Liga is this year's newcomer in the top 10 for aggregate attendances, replacing the Spanish Segunda División. SL Benfica, Sporting Lisbon and FC Porto are the main drivers of Portugal's average attendances, each averaging crowds of 37,000 to 56,000, compared with 2,000 to 19,000 for all other Portuguese teams.

The English Championship joined the English Premier League, German Bundesliga and Spanish La Liga in reporting aggregate attendances of over 10 million in 2016/17.

Top 10 European leagues by total attendance (2016/17)

League	Number of teams	Number of matches	Aggregate	Average	Highest
1.ENG	20	380	13,607,420	35,809	75,290
2.GER	18	306	12,703,896	41,516	79,653
3.ENG L2	24	552	11,086,368	20,084	51,106
4.ESP	20	380	10,621,000	27,950	78,034
5.ITA	20	380	8,377,860	22,047	46,622
6.FRA	20	380	7,965,940	20,963	45,160
7.GER L2	18	306	6,652,134	21,739	50,573
8.NED	18	306	5,840,316	19,086	49,620
9.ENG L3	24	552	4,373,496	7,923	21,892
10.POR	18	306	3,622,428	11,838	55,952

Once again, the German Bundesliga reported the highest average attendance of all European leagues. The Premier League ranks higher for aggregate attendance due to its higher number of teams and therefore matches.

Biggest Increases in average club attendance (5,000+)

Clubs and European rank by attendance increase	2015/16 season	2016/17 season	Increase
1. West Ham United FC (ENG)	34,910	56,972	22,062
2. Celtic FC (SCO)	44,850	54,726	9,876
3. Liverpool FC (ENG)	43,910	53,016	9,106
4. FC Spartak Moskva (RUS)	25,179	32,760	7,581
5. FC Krasnodar (RUS)	9,464	15,886	6,422
6. Vitória SC (POR)	12,422	18,756	6,334
7. SL Benfica (POR)	50,322	55,952	5,630

Seven clubs added 5,000 or more to their average season match attendances between 2015/16 and 2016/17. At the top of the list is West Ham United FC, who benefitted from their move to London Stadium. FC Krasnodar also moved to a new venue with increased capacity in 2016/17, with Liverpool FC also boosted by the addition of a new tier in the main stand at Anfield.

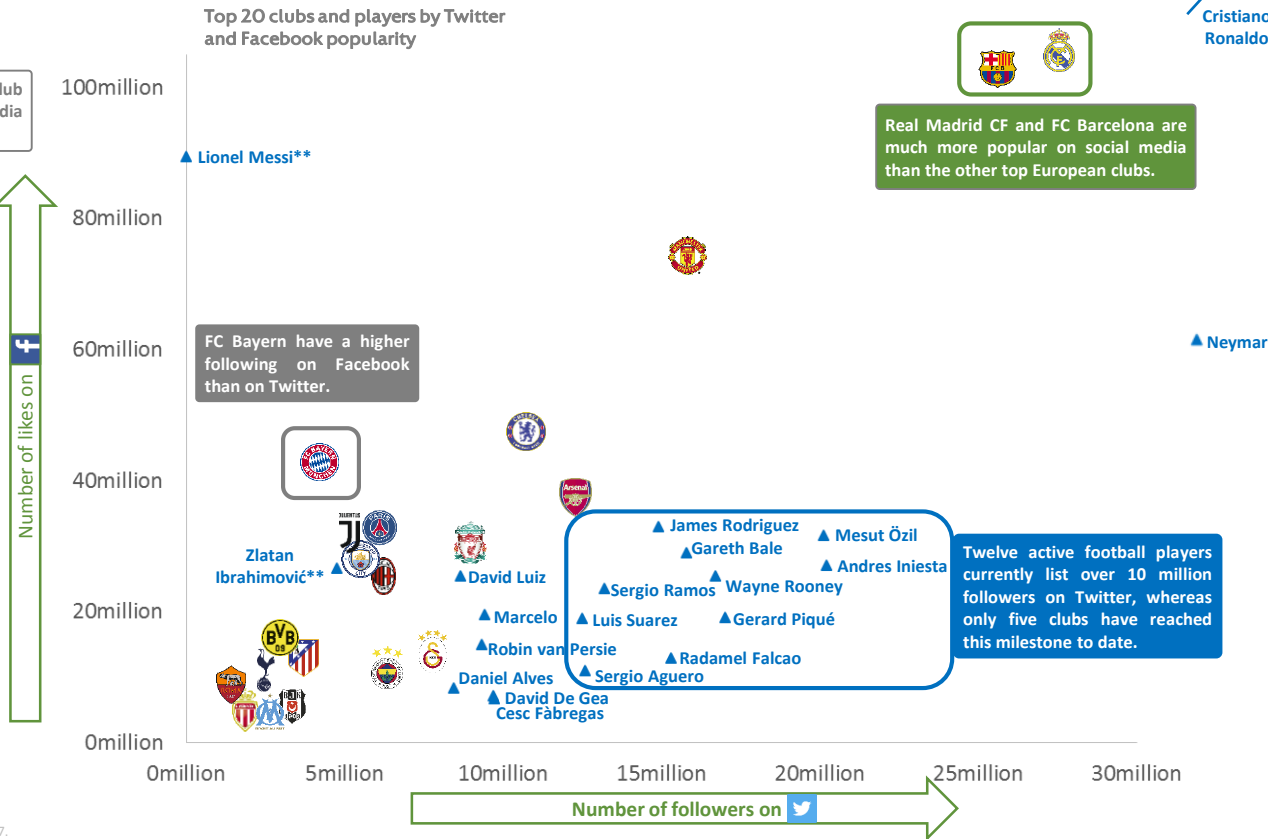
Top 20 most followed European clubs all from 'big6' TV markets

Last year's report analysed the most successful official club websites; this year we look at the most successful social media profiles among European clubs.

A total of 14 European clubs currently* have more than ten million likes on Facebook. Five of these fourteen clubs also have more than ten million followers on Twitter.

The chart on the right includes the top 20 clubs by Twitter followers. If the top 20 had been based on Facebook likes, Leicester City FC and Inter Milan would have replaced AS Monaco and Olympique Marseille.

In many cases, top players have just as large a social media following as the clubs they play for. This is particularly the case on Twitter. Cristiano Ronaldo, the most popular player, has more Twitter followers than Real Madrid CF and FC Barcelona combined (65.3 million) and more fans on Facebook than any of Europe's top-division clubs (122 million).

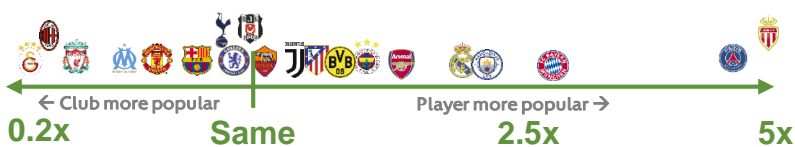


* The social media figures presented in this section were collected in November 2017.

** Both Lionel Messi (no official Twitter account) and Zlatan Ibrahimović have been included to the chart due to the high number of fans they have on Facebook.

Players more popular on Twitter and clubs more popular on Facebook

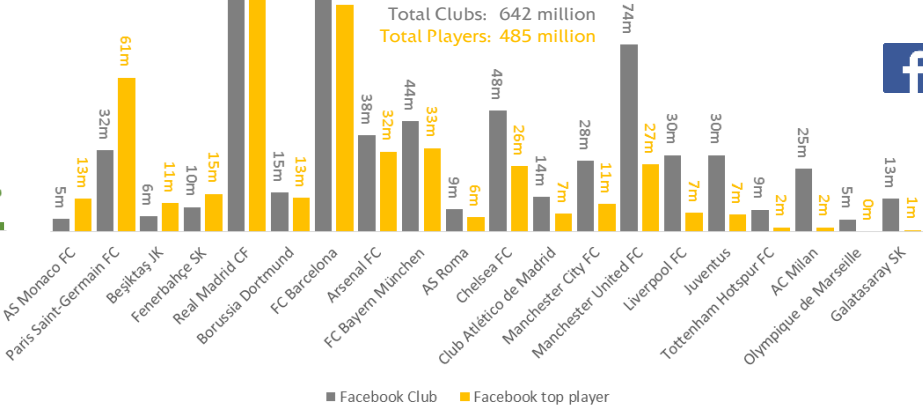
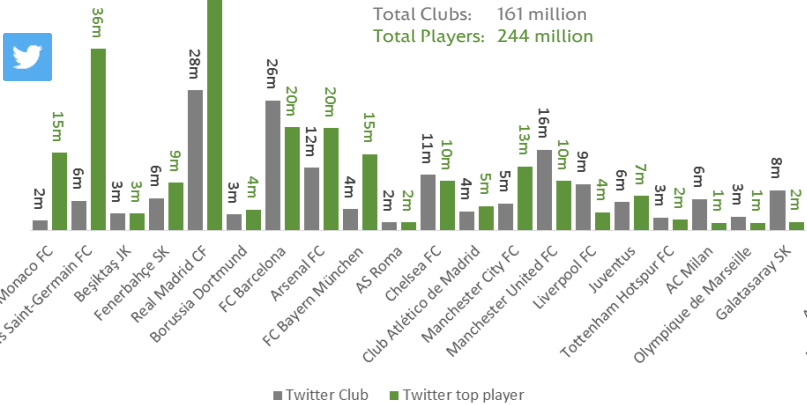
The relative social media followings of clubs and their top players is further explored below. The bar charts indicate the Twitter and Facebook followings of the top 20 clubs, alongside those of the most-followed player from each club. The line charts above, featuring the club logos, pinpoint the social media profile of each club relative to that of their most popular player.



The Twitter following of the top player exceeds the following of his club in the majority of cases (11 out of 20 clubs) and is significantly higher in aggregate terms with the 20 clubs totalling 161million Twitter followers and the 20 players of those clubs totalling 244million Twitter followers.



In contrast to Twitter followings, the Facebook followings of clubs are generally higher than that of their most followed player (15 out of 20 clubs). Whereas Neymar (Paris Saint-Germain) and Radamel Falcao (AS Monaco), the main outliers, were more than five times more popular on Twitter, the difference on Facebook is considerably smaller. In aggregate terms the 20 clubs total 642 million Facebook followers and the 20 players of those clubs total only 485 million Facebook followers.

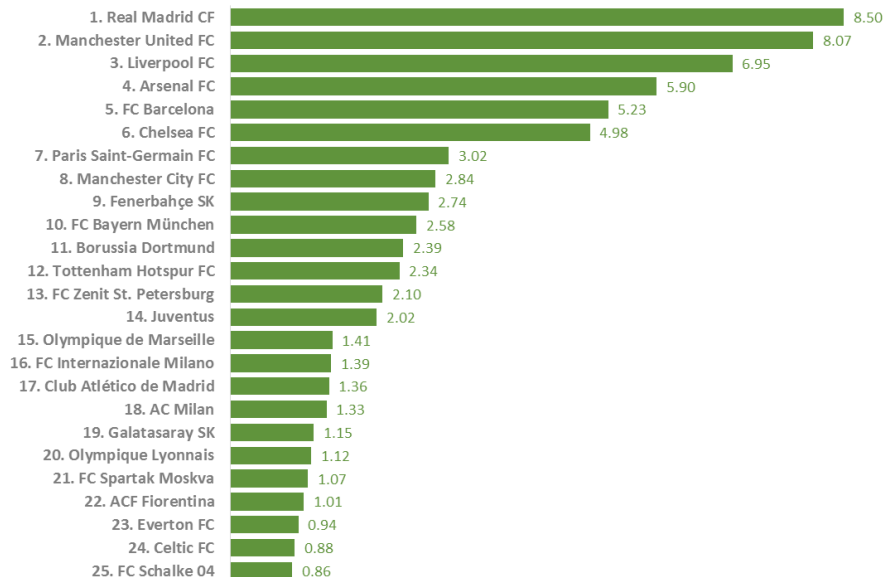


Global profile of largest clubs clear from online traffic

In the previous report, the success of official club websites was measured by the peak month's visitor tally and the average number of minutes spent on the website. This year's report focusses on the number of visitors recorded in September, where these visitors accessed the websites from and how.

In total, 22 European club websites attracted more than one million visitors in the month September. In line with their social media popularity, Real Madrid CF had the highest number of visitors, just ahead of Manchester United FC.

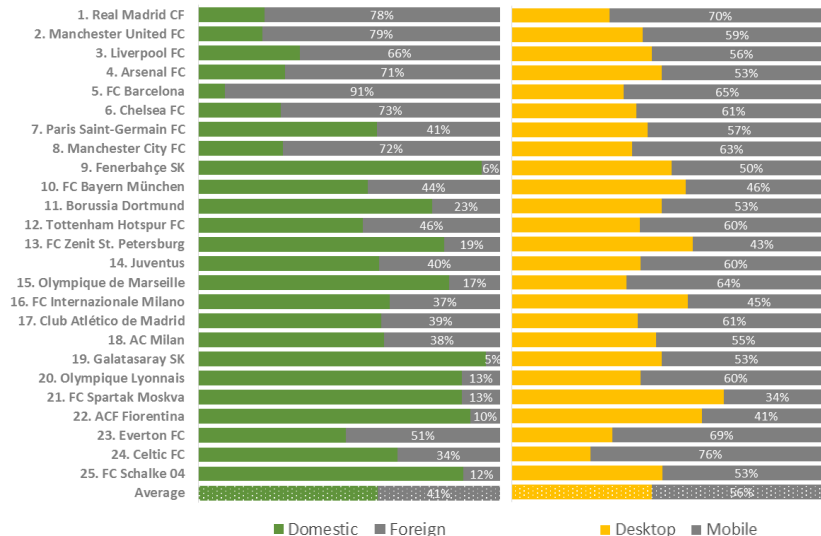
Top 25 most popular club websites in September (in millions)

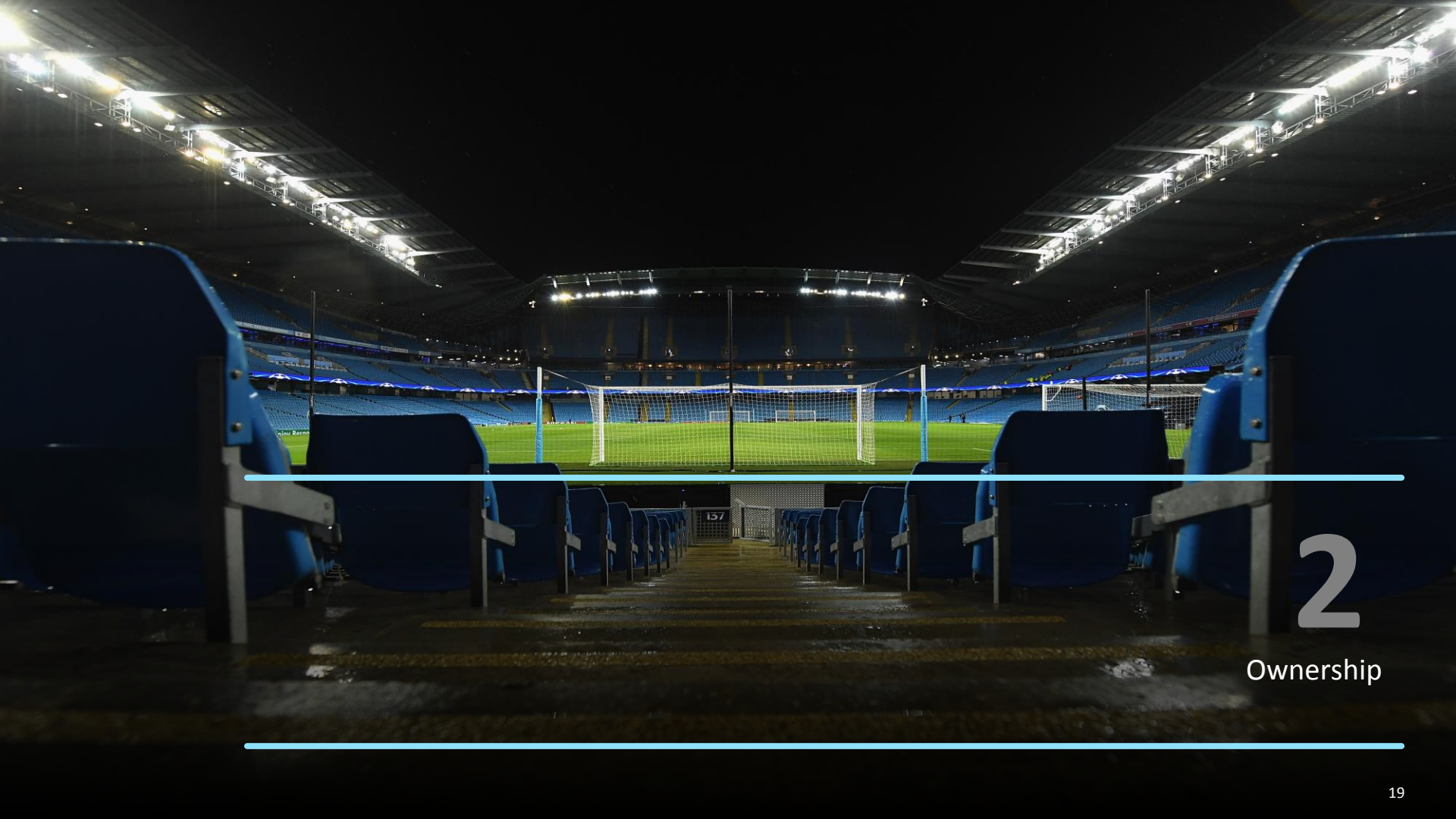


The clubs that generate the most visitors to their websites tend to have a broad reach that encompasses their domestic market and other global markets. Further down the top 25, interest is clearly more concentrated in home markets. Remarkably, FC Barcelona is the only club in the top 25 that was not visited most by people in the country in which it plays its domestic matches, with 8.9% of visitors in Spain and 9.5% in the USA. On the contrary, Turkish giants Fenerbahçe SK and Galatasaray SK attracted only 4 to 5% of their website visitors from foreign markets.

The access ratios (whether visitors used desktop or mobile devices) appear to be more balanced across the 25 club websites. Celtic FC had the lowest percentage of desktop access (24%) and Spartak Moskva the highest (66%), its website having been accessed more by desktop devices than mobile. In general the trend is towards increasing access from mobile devices.

Distribution of website visitors





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Ownership

Ownership highlights

Foreign owners have invested in 39 European clubs since the introduction of financial fair play, and the percentage of foreign-owned clubs in major leagues has increased to 18%

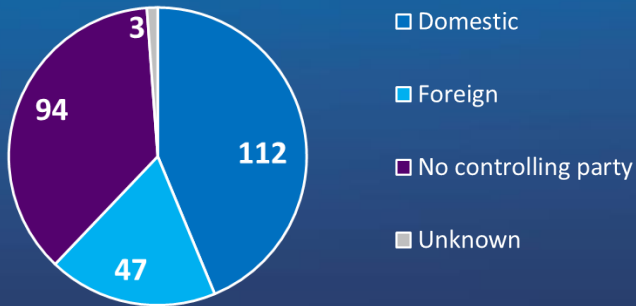
Club ownership in major leagues is relatively stable, with only 5% of clubs changing hands in the last 12 months

More than 20 clubs in the top 15 major European leagues are linked to multi-club ownership structures

European club ownership

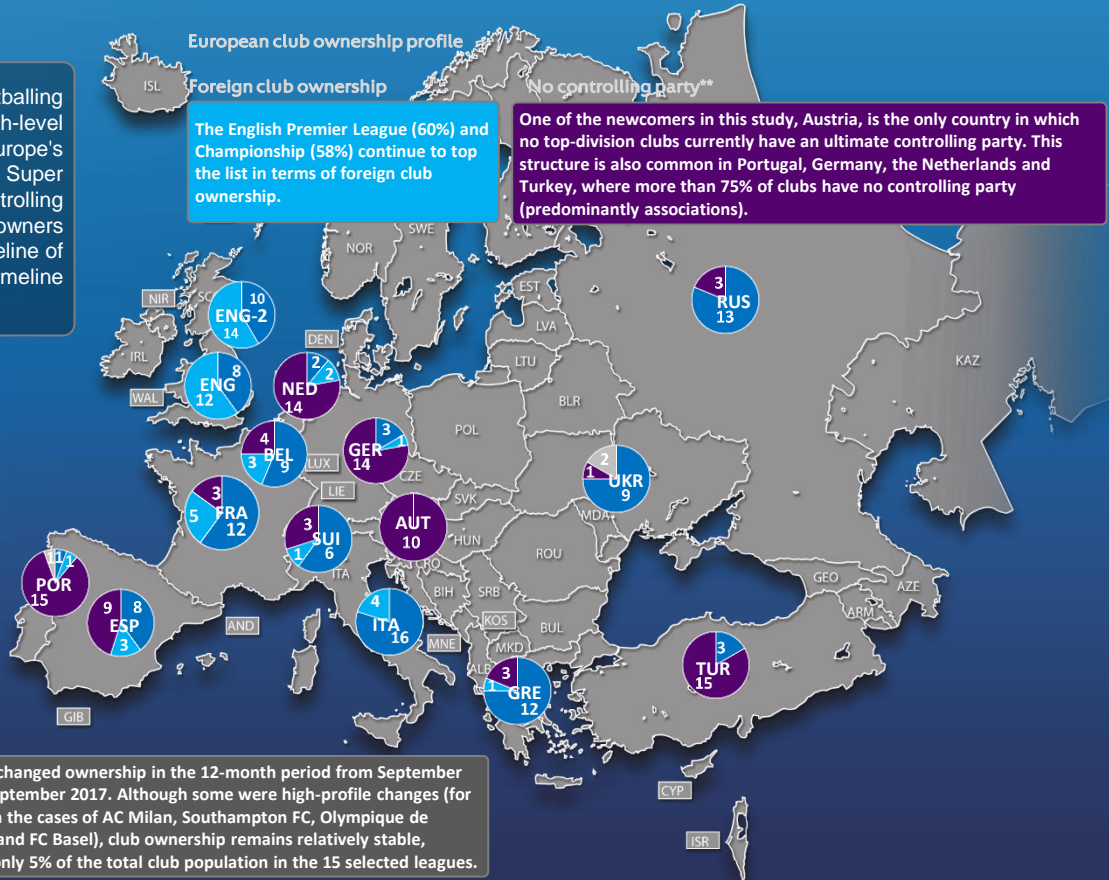
As initiated in last year's edition of the European Club Footballing Landscape, the next few pages of the report will provide a high-level summary of club ownership, ownership profiles and trends in 15 of Europe's major leagues* (now including the Austrian Bundesliga and Greek Super League). The analysis on this page identifies whether clubs have controlling parties (owning more than 50% of shares) and whether the majority owners are domestic or foreign nationals. The two following pages offer a timeline of foreign ownership and the section ends with some examples and a timeline of multi-club ownership in global club football.

Type of ownership



The majority of the 256 clubs in this analysis have a controlling party, although a sizeable minority do not (37%). Of the 63% that have a controlling party, the majority have a domestic owner. A domestic owner is the most-common form of ownership in 6 of the 15 leagues analysed (RUS, UKR, GRE, ITA, FRA and BEL).

Ten clubs changed ownership in the 12-month period from September 2016 to September 2017. Although some were high-profile changes (for instance in the cases of AC Milan, Southampton FC, Olympique de Marseille and FC Basel), club ownership remains relatively stable, affecting only 5% of the total club population in the 15 selected leagues.



The English Premier League (60%) and Championship (58%) continue to top the list in terms of foreign club ownership.

One of the newcomers in this study, Austria, is the only country in which no top-division clubs currently have an ultimate controlling party. This structure is also common in Portugal, Germany, the Netherlands and Turkey, where more than 75% of clubs have no controlling party (predominantly associations).

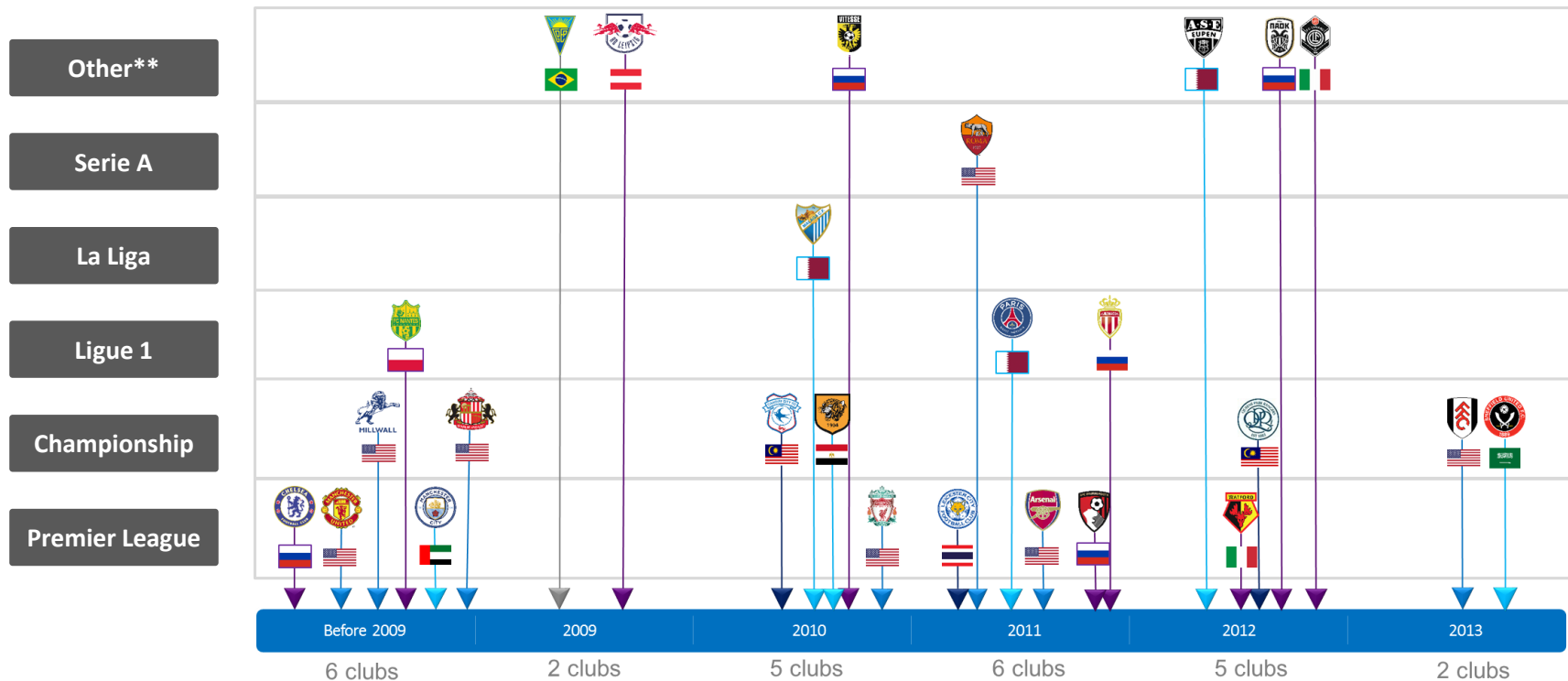
* Information sourced from a combination of club representations submitted as part of the club licensing process (March-July 2017) and UEFA desktop research (up to September 2017). ** 'No controlling party' in this analysis refers to no single or group of owners working in concert with more than a 50% holding in the voting share capital.

Nationality of foreign club owners changing over time

The club acquisitions highlighted across these two pages are quite revealing, not least in illustrating how the nationality profile of new club owners has changed over the last decade.*

The most steady flow of new foreign owners has come from the USA, with US owners taking over clubs in most of the years reviewed.

By contrast, the number of high-profile Russian and Middle Eastern investors has noticeably fallen since 2008 to 2012.



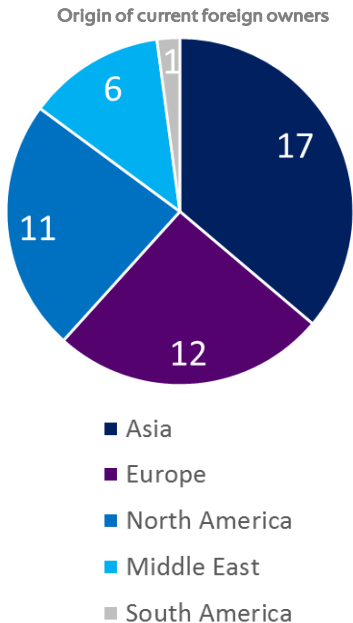
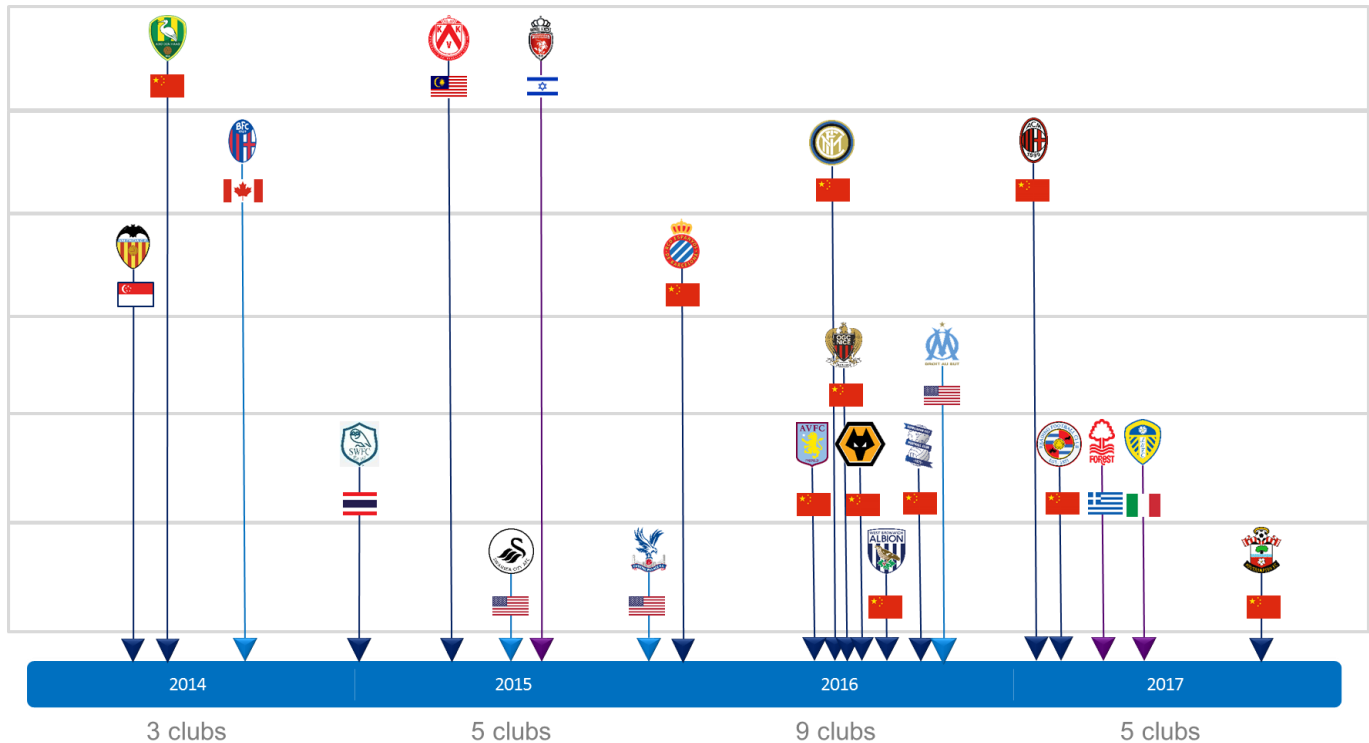
* Note that this timeline only contains the milestones of current owners. If a club has been taken over multiple times in the period covered, only the latest acquisition is illustrated.

** "Other" leagues in the timeline include foreign ownership in Belgium, Germany, Greece, the Netherlands, Portugal and Switzerland. Austria, Russia, Turkey and Ukraine do not appear as there is currently no foreign ownership as shown on the map on the previous page.

More than 70% of all foreign takeovers in the top 15 leagues since 2016 have involved Chinese investors. In this period Chinese owners have taken over clubs in the Premier League, Championship, Serie A, Ligue 1, La Liga and Eredivisie.

With Aston Villa, Wolverhampton Wanderers, West Bromwich Albion and Birmingham City, all Birmingham-based football clubs in the top two English divisions have been taken over by Chinese nationals.

The timeline also highlights the intensity of new foreign ownership activity. After the record number of foreign acquisitions reported in 2016, when nine clubs acquired foreign owners, five new foreign owners were reported in 2017, which is back in line with the trend of previous years.

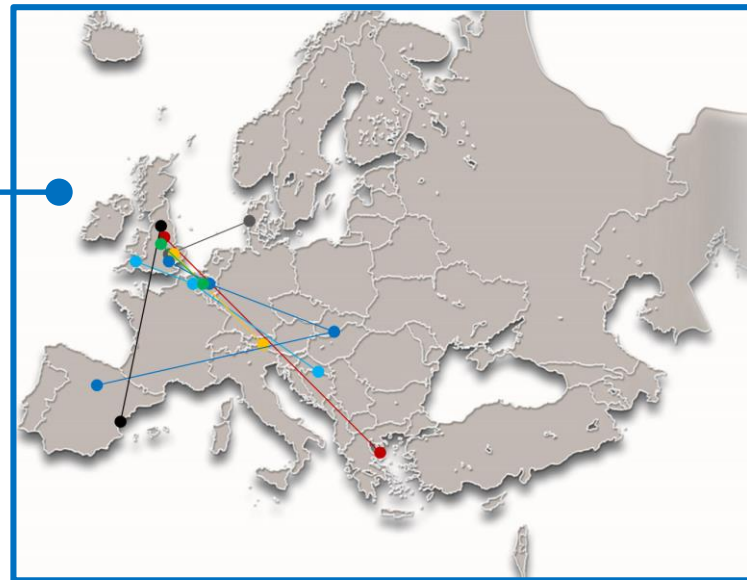


At least 12 private owners with interests in more than one club

The previous pages in this section focused largely on private owners acquiring a controlling stake in a football club. The next three pages aim to give an introduction to multi-club ownership across the same 15 leagues. The examples are split into three groups: private persons having control and/or a decisive influence over more than one football club, entities (“related entities”) having control and/or a decisive influence over more than one football club, and clubs having control and/or a decisive influence over other football clubs.

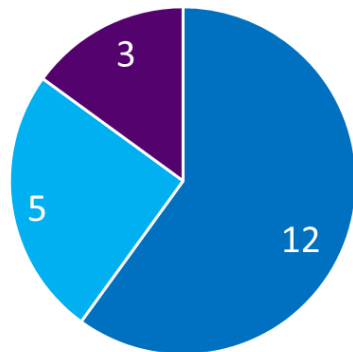
Several private owners of foreign origin have control or a decisive influence over more than one football club. The map on the right illustrates five such examples involving at least one of the 15 leagues analysed.

Twelve ultimate owning parties currently own one club in the major European leagues and also have participation in one or more other football clubs.



Besides the listed owners and private persons with a decisive influence over more than one football club, there are several agents reported to have an influence at more than one football club. One such example could be the reported involvement of an agent at a Cypriot club, in which he is listed as an investor, and Belgian club, where his relatives are listed as the current owner and a member of the board of directors respectively.

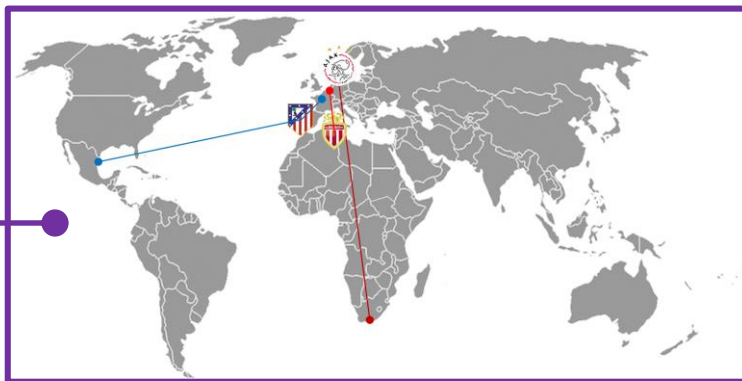
Type of owner with multi-club ownership



- Private owner
- Corporation
- Club

Ownership mix includes club groups and multi club arrangements

The 'club' category is a relative new form of cross ownership in which a club has control and/or a decisive influence over another football club. The most recent high-profile examples are Atlético Madrid and AS Monaco acquiring stakes in the second-division RC Lens (France) and Cercle Brugge (Belgium).



The second form of cross ownership involves 'corporate entities'. City Football Group is probably the most well-known entity with ownership in five different continents. Other active examples that are illustrated on the map on the right are Red Bull, Traffic Sports, the Suning Group and Aspire Academy.



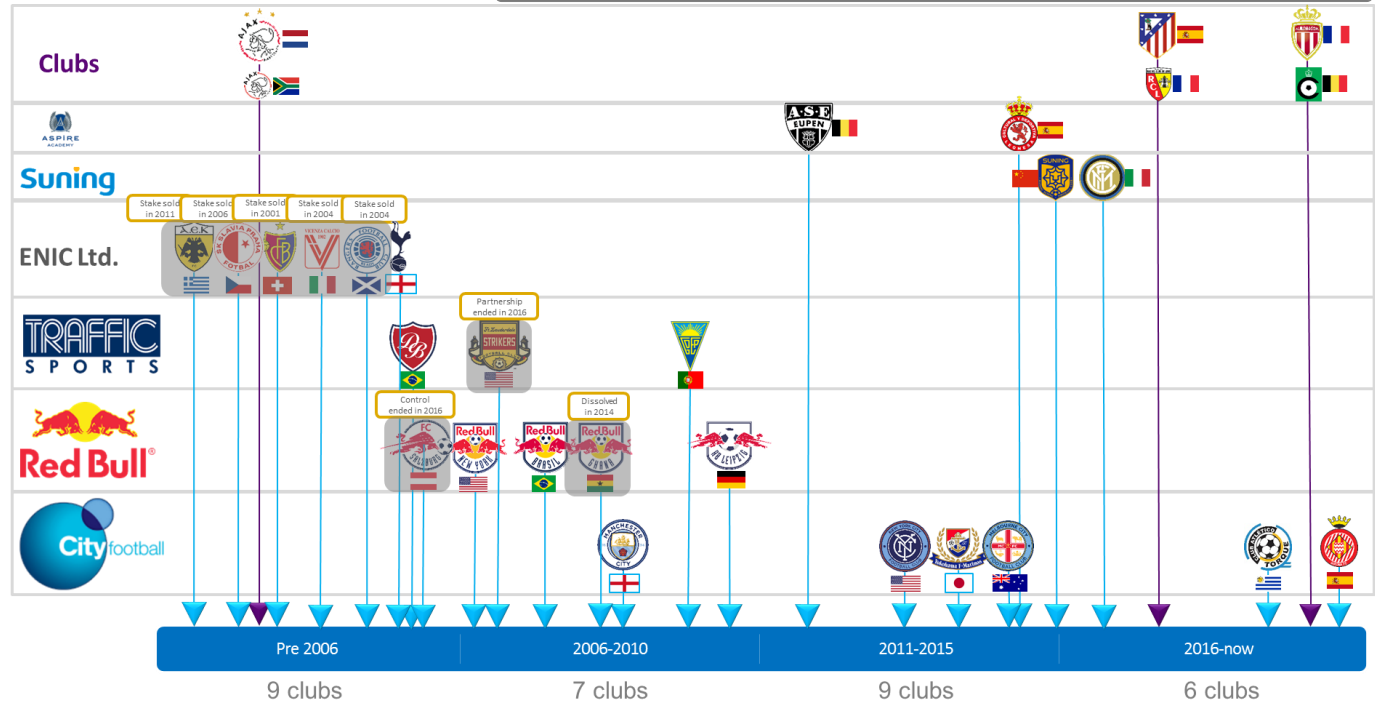
Timeline of multi-club ownership

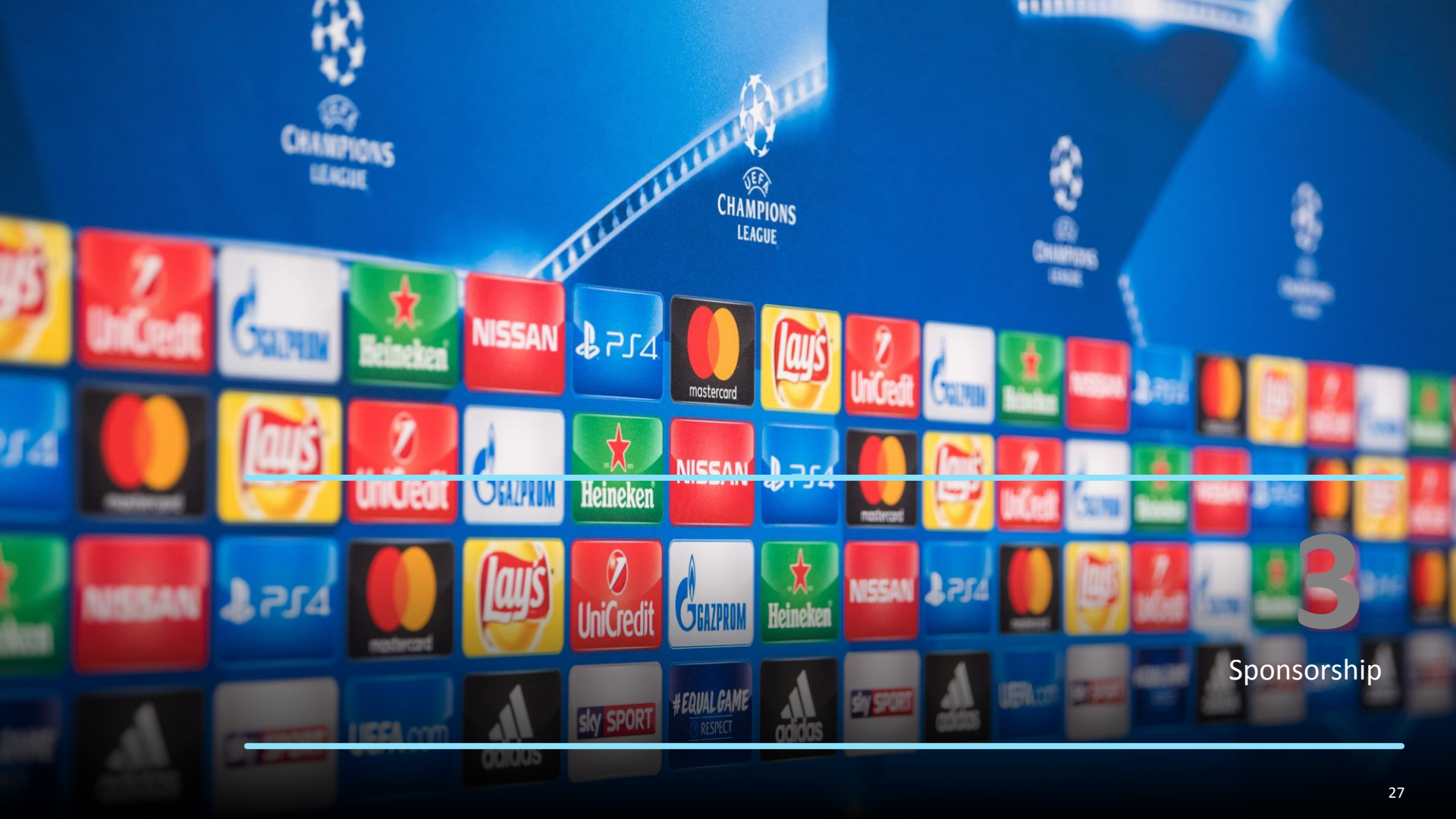
The increase in foreign ownership and the basic cross-ownership models referenced in this section are some of the numerous club ownership developments for regulators and governing bodies to consider. Following the era of third-party player ownership, the growing influence of agents at some clubs and the acquisition of lower-league clubs purely to facilitate transfer activity are further developments that could potentially threaten competition integrity. It is important for governing bodies to do at least the following three things in relation to potential club acquisitions: identify the direct and indirect source of investment, establish whether the investors have the means to fund both the club takeover and necessary further investment, and understand the underlying business case and motivation(s) for the acquisition.

The previous page gave some active examples of cross-ownership linked to the 15 selected leagues. This second timeline presents an overview of multi-club ownership over time.

With the exception of Ajax Amsterdam, most examples of cross-club ownership have emerged in the last three years.

The selected five corporation examples on the previous page have been involved in 26 football clubs worldwide since 1997. In addition, this timeline includes ENIC International Limited, who are no longer active across different clubs. Traffic Sports and Red Bull bought their shares more than seven years ago, while the activities of City Football Group, the Suning Group and Aspire Academy are more recent.





3

Sponsorship

Sponsorship highlights

The top three clubs generate more than 100 times the kit manufacturing revenue and 25 times the shirt sponsorship revenue of smaller clubs in their league

A number of kit manufacturer deals cover ten or more years with only one in eight clubs switching in 2017

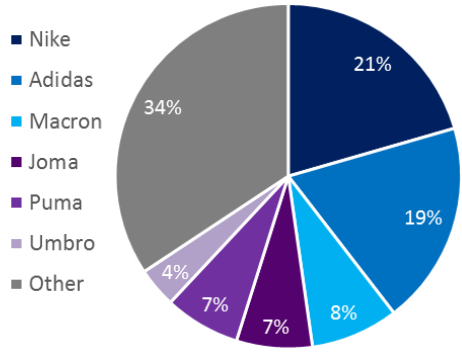
Club kit manufacturers are surprisingly diverse, with 41 different brands and adidas and Nike's combined market share just 40%

Apart from most Premier League clubs and some top clubs in other leagues, most remain local brands, with just 24% sporting international shirt sponsors

Strong competition for club kit manufacturer deals

This section focusses on two of the most high-profile types of club sponsorship: kit manufacturers and main shirt sponsors*. A similar sample size is used as in the previous chapter on ownership, with the sponsorship section focusing on a selection of 16 major European leagues representing 268 clubs. The section starts with a market concentration and stability analysis of the main kit manufacturers followed by an analysis of the prices of new 2017/18 replica shirts according to the official club websites. This is then followed by a geographical and industry concentration and stability analysis of the main shirt sponsors. This section ends with an analysis on the use and size of different sponsoring types.

Kit manufacturers' share of the club market



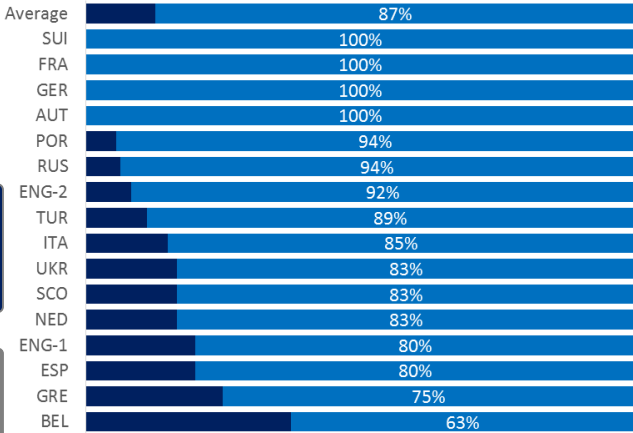
Two kit manufacturers, Nike and adidas, are the most prevalent brands in the club kit manufacturing landscape. However, unlike many other sports, in which centralised kit deals are common, there is significant diversity within European kit manufacturing. The combined market share of the two market leaders is only 40% and there are 41 different kit manufacturers featuring in just the 16 leagues analysed for this report.

There is no local market dominance, with no individual kit manufacturer sponsoring more than half of the clubs in any of the selected leagues. adidas sponsors seven Russian top-division teams and Nike sponsors eight Turkish top-division teams, giving them a market share of 44% in those leagues. This is the highest percentage across any of the 16 leagues.

Of the six kit manufacturers that provide the kits of at least ten clubs within this 16-league sample, the shirts manufactured by Nike have the highest average selling price at €71, compared with an average of €54 for Joma kits. This is clearly impacted by each brand's specific club and league mix.

The significant value and long contract length of kit manufacturer deals for the largest clubs is highlighted by the one-off contract termination payment of £67m which Chelsea FC incurred when switching kit manufacturers and cancelling their existing contract six years early.

Changes in kit manufacturer



Across the 268 clubs analysed in the 16 leagues, there is relative stability in the kit manufacturing landscape. Just 13% of the clubs changed their kit manufacturer for the 2017/18 season.

In four of the 16 leagues no club changed their kit manufacturer for 2017/18. At the other end of the scale, just 63% of Belgian top-division clubs retained the same kit manufacturer, with six clubs changing for 2017/18.

* The 'Other' category includes all kit manufacturers that sponsor fewer than 10 clubs, including Jako (9), Kappa (8), Lotto, New Balance (both 7), Hummel and Legea (both 6).

Large range in kit manufacturer values between different clubs

This page provides a high-level overview of the kit manufacturer landscape, presenting a cross-section of 30 clubs with indicative value ranges for their latest announced kit manufacturing deals*, some of which have not yet come into force. The same analysis is provided for shirt sponsors later in this section and a more detailed analysis of trends and levels of sponsorship and commercial values based on audited FY2016 values, analysed right across the top 20 leagues, is presented later in the revenue section of this report.

Kit manufacturer annual deal value ranges*



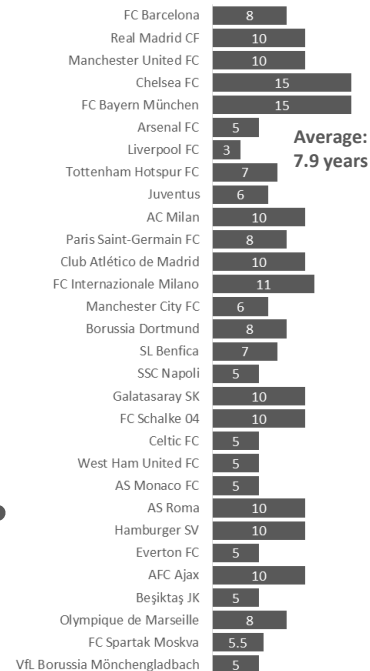
The spread of clubs across value ranges clearly illustrates the wide difference in deal value between the very largest clubs and other big clubs. The top three clubs receive kit manufacturing income more than 10 times many domestic rivals and more than 100 times the majority of smaller clubs in their domestic league.

In common with other sponsorships and commercial partnerships, the value of a club's kit manufacturer deal is influenced by the profile of the club, both the potential reach of the club/league and also the level of success associated with the club 'brand'.

However the kit manufacturer deal involves a product rather than just an association and so the value to the kit manufacturer is also heavily influenced by the supporter base and potential revenue from merchandising.

The latest kit manufacturing contracts across the sample of 30 major clubs average 8 years, a relatively long period in club football terms, given that both TV contract cycles and main shirt sponsors tend to be across 3 to 5 years. Indeed 12 of the 30 clubs analysed have long term kit manufacturing deals of at least ten years with others having shorter contracts but renewing new deals with the same kit supplier.

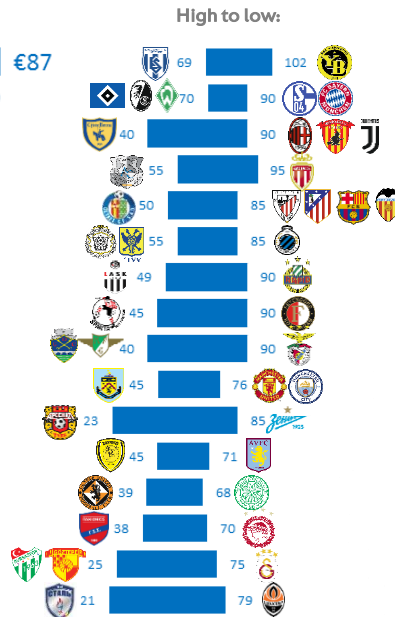
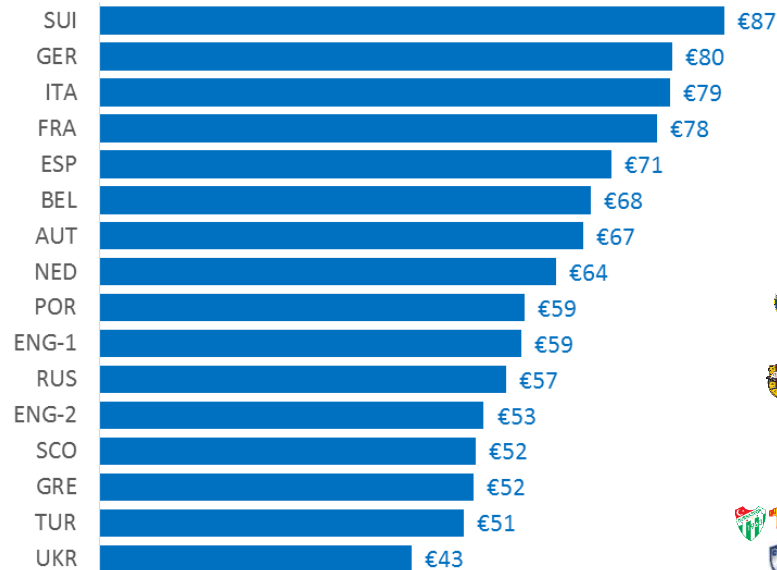
Kit manufacturer duration latest contract



* Transforming long term kit manufacturing deals into an annual sum is not an exact science, with payment structures (even weighted, front or back loaded) and bonus structures (signing bonuses, performance related bonuses, penalty clauses, extension options or other commercial clauses) adding a degree of subjectivity to the annual valuation. In addition care should be taken when comparing deals or compiling lists (hence the use of indicative value ranges in this analysis) since there can be considerable variation in the kit manufacturing contract arrangements (pure kit supply/merchandising deal or additional sponsorship) and deal structures (merchandising profit or income share and/or fixed sum payment). Value ranges and contract lengths based on TVSM data with UEFA sanity checks applied.

Wide range of club shirt prices within each league

Average shirt price in selected leagues**



Club football shirt

Official replica of the 2017/18 club shirt that is offered for sale on the official club website

Kit manufacturer

Brand that produces the first-team kit

Shirt sponsor

The sponsor named on the front of the home match shirt, typically also the main club sponsor

At €87 the Swiss Super League clubs have the highest average shirt price of for the 2017/18 season, placing them comfortably ahead of the German Bundesliga, the Italian Serie A and the French Ligue 1. The average shirt price in Ukraine is the lowest of the selected 16 leagues, at an average of €43.

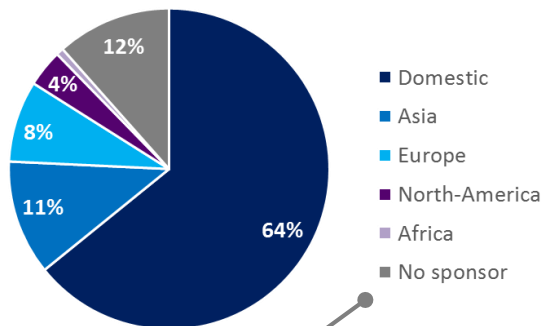
In the German Bundesliga, the difference between the most expensive shirts (FC Bayern and Schalke) and the least expensive (Hamburger SV, Freiburg and Werder Bremen) is the lowest of all leagues, with a range of only €20. The Russian Premier League has the highest range from high to low, with an FC Zenit shirt costing almost four times as much as an FC Arsenal Tula shirt**.

* All shirt prices are presented in euros using the exchange rates applicable at the time of writing.

**This study has collected shirt sale prices as of October 2017 offered on the various official club websites. Some clubs did not provide an option to buy the shirt via the website and have therefore been excluded in this study.

Two out of three clubs still have a domestic shirt sponsor

Origins of main sponsors

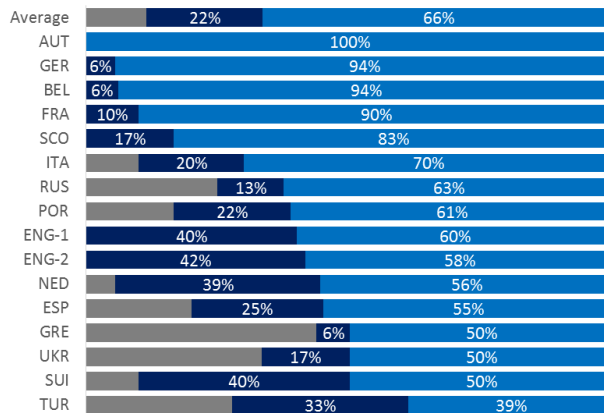


One month into the 2017/18 season, 12% of clubs were still without a shirt sponsor, most commonly in Greece, where 7 of the 16 clubs still did not have a shirt sponsor.

The origin and nature of shirt sponsorship deals in Europe differs widely. This study focuses on the main shirt sponsor a club selects for the full season. In some cases, however, clubs may decide to appoint different sponsors for their home, away or European matches or even on a match-to-match basis. In those cases, this study takes account only of the official shirt sponsor for the home kit contracted for the full season.

Despite the increasing global attractiveness of European club football, the majority of clubs in the 16 major leagues analysed remain local not global brands.* This is reflected in the primary shirt sponsorship deals, with 64% of shirt sponsors based in the same country as the club they sponsor. With 12% of clubs not having a shirt sponsor, this means only 24% of clubs have international shirt sponsors. Clubs in Austria, Greece, the Netherlands and Russia have only brands of domestic origin as shirt sponsors.

Turnover of shirt sponsors



■ No Sponsor ■ New Sponsor ■ Same Sponsor

The region providing the highest number of non-domestic shirt sponsors is Asia, with Asian companies appearing on 11% of European club shirts (31 different clubs).

The English Premier League is the only league that features a majority of international shirt sponsors, with foreign companies appearing on 16 of the 20 club shirts. The Championship (English second tier) has foreign shirt sponsors on 12 of the 24 clubs' shirts, reflecting both the international appeal and foreign ownership of English football clubs.

In comparison with the stable relationship between clubs and kit manufacturers, the turnover of main shirt sponsors from year to year is considerably higher, with 22% changing between 2016/17 and 2017/18. In fact, if the 12% of clubs with no shirt sponsor are excluded, then exactly one in four clubs with a sponsor changed sponsor in 2017/18.

In the top two English leagues and the Swiss top division around 40% of clubs changed their main sponsor for the 2017/18 season. In contrast, all the ten clubs in the Austrian top division retained the same shirt sponsor as in 2016/17 for the 2017/18 season.

* The separation of a company or brand into domestic and international can be a subjective exercise in certain cases. Where a shirt sponsor is headquartered domestically but the brand is international, it has been considered a domestic sponsor for this analysis.

Ratio of more than 25 to 1 in shirt sponsor values within leagues

Shirt sponsorship* annual deal value ranges



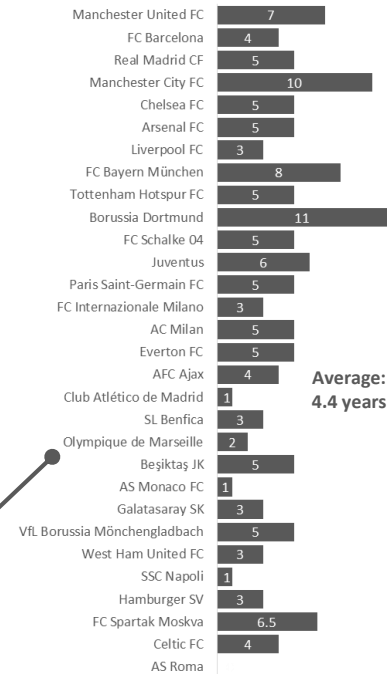
Although the shirt sponsorship ratio is smaller than the kit manufacturing deals, the top three clubs nonetheless receive shirt sponsorship income more than 5 times many domestic rivals and more than 25 times the majority of smaller clubs in their domestic league.

In common with the kit manufacturer deal and other sponsoring and commercial partnerships, the value of a club's principal shirt sponsorship deal is influenced by the profile of the club, both the potential reach of the club/league and also the level of success associated with the club 'brand'.

In most cases the principal shirt sponsor is considered the main club sponsor with the shirt sponsorship deal the largest individual club commercial contract. It is relatively common for the principal shirt sponsor to be associated with the main club investor/benefactor, especially in Eastern Europe and further down the football pyramid.

The latest principal shirt sponsorship contracts across the sample of 30 major clubs average 4.4 years, with a tendency for higher value deals to also be longer term deals. As already indicated on the previous page, 12% of clubs across the largest 16 leagues didn't have any principal shirt sponsor at the start of this season and one year deals, sometimes rolled-over, are not uncommon.

Shirt sponsorship duration latest contract

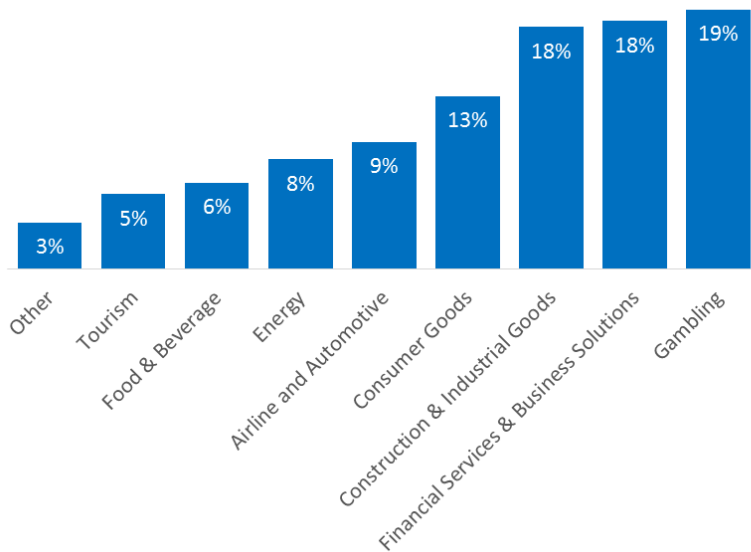


* Transforming long term shirt sponsorship deals into an annual sponsorship sum is not an exact science, as assumptions are needed for payment structures (even weighted, front or back loaded) and bonus structures (signing bonuses, performance related bonuses, penalty clauses, extension options or other commercial clauses). In addition care should be taken when comparing deals or compiling lists (hence the use of indicative value ranges in this analysis) since there can be considerable variation in the shirt sponsorship contract type (single or multiple shirt sponsorship deals) and in the packaged/bundled rights covered by the sponsorship deal (naming, signage, designation, hospitality IP rights etc) adding a degree of complexity and subjectivity to value comparisons. Value ranges and contract lengths based on TVSM data with UEFA sanity checks applied.

The diverse appeal of club football reflected in shirt sponsor brands

Branch of main sponsors

The broad appeal of European club football is reflected in the diverse range of business sectors that sponsor club football, as the main shirt sponsor and not just a commercial partner. Even after grouping all the different company activities into just eight industry sectors, there is no dominant sector, with the list featuring both B2B and B2C companies.



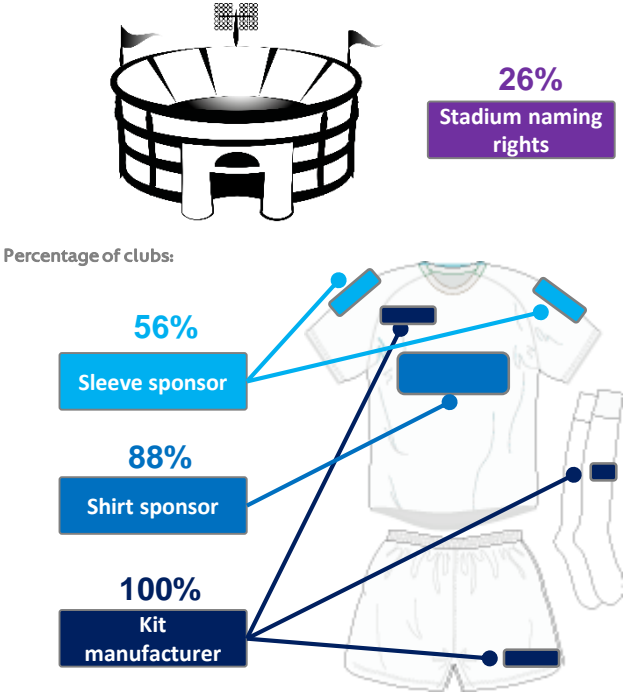
Gambling and sports betting companies are the most prevalent shirt sponsors in European football, with 45 active deals with such companies in place. Shirt sponsorship by gambling companies is widespread in the top two English divisions and the Greek top division, approximately 50% of the clubs in all three having gambling companies as their shirt sponsors. This level of concentration is equalled in two other leagues – the Swiss and Scottish top divisions – with financial service companies (banks and insurances) in Switzerland and construction and industrial goods companies in Scotland sponsoring half the clubs.

Only 5 of the 212 different companies appear as shirt sponsors in more than one different league. The airline Fly Emirates is the most common shirt sponsor across the leagues, with six major shirt sponsorship deals in six different countries. Drinks manufacturer Red Bull, energy provider Gazprom and betting companies Dafabet and Marathonbet are the only other companies that appear in more than one league, albeit in just two countries each, underlining again the domestic nature of most shirt sponsors and the diversity in foreign shirt sponsorship.

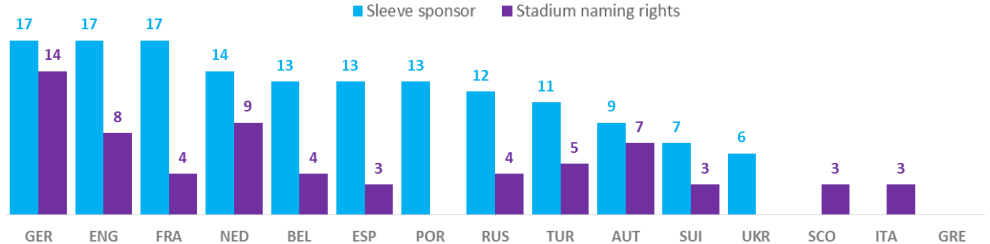
* The 'Other' category includes governmental organisations, charity institutions, academies and individual philanthropists.

Use of sleeve sponsorship and stadium naming rights varies

This page of the report illustrates the use of different types of sponsorship across the 16 selected leagues. In addition to the previous pages (shirt sponsorship and kit manufacturers), it considers two other categories: sponsors that are displayed on the sleeve of football shirts (sleeve sponsors) and sponsors that acquire the naming rights of club football stadiums (stadium naming rights). The prevalence of such deals is illustrated per league as well as in an overall percentage per type of sponsorship.

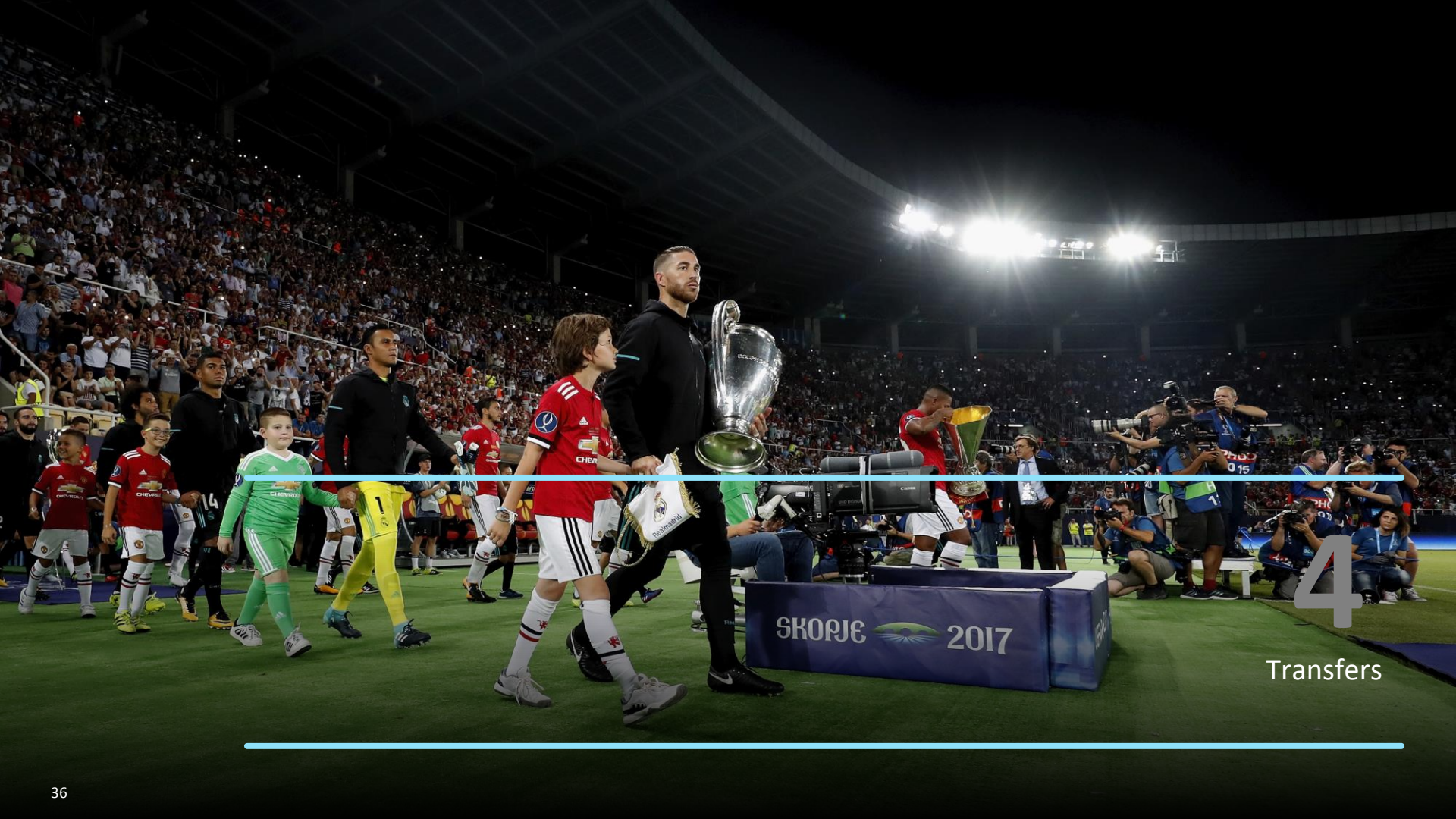


Stadium naming rights and shirt sleeve sponsors per league



Whereas kit manufacturers and shirt sponsors (main sponsors) have been a part of the sponsorship landscape for a long time in European club football, stadium naming rights and sleeve sponsors are less prevalent. Although sleeve sponsorship is common practice in 12 of the 16 analysed leagues, it is only used by just over half of the analysed clubs, as a number of leagues currently have no sleeve sponsorship. Stadium naming rights are even more concentrated. For the 2017/18 season only three leagues (Germany, Netherlands and Austria) had a majority of club stadiums with naming rights.

Additional kit sponsorship is becoming more common in the European club sponsorship landscape and the examples are diverse, from training kit deals in England, to sponsors on shorts in Belgium, multiple sponsors on the front of shirts in France and sponsors on the back of shirts in Austria. Shirt sleeve sponsorship is another example that can be added to the list. In England and Germany, which are considered the two biggest commercial European football markets, 58% of clubs signed new agreements with a shirt sleeve sponsors before the start of the 2017/18 season. This type of sponsorship was previously centralised in the Bundesliga (single deal) and was introduced in the Premier League for the 2017/18 season.



4

Transfers

Transfer highlights

Transfer spending reached record levels of almost €5.6bn in summer 2017

80% of global transfer spending during the summer window was in the big five European leagues (ENG, ITA, FRA, ESP and GER)

Summer 2017 featured 6 of the top 20 transfer fees of all time and ten reported transfers of €50m+

Of the 96 major transfers of €15m+ in summer 2017, only 4 players went to clubs in leagues outside the big five (3x Zenit and 1x Porto)

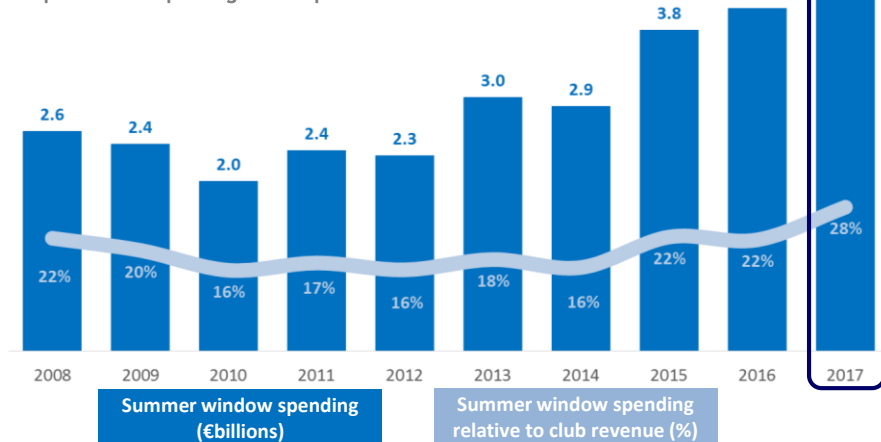
Record summer transfer spending fuelled by 'big 5' leagues

This section reviews the most recent transfer activity (summer 2017) and sets it in context. The data is indicative only, since known values are supplemented with reported estimates. Detailed audited historic transfer data is analysed in the operating costs section of this report.

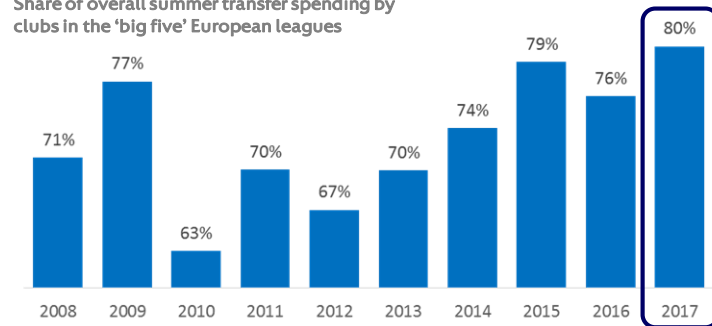
The total European spending during the summer 2017 transfer window reached a record high of €5.6bn. Clubs spent almost €1bn in the January transfer window, which suggests a total 2017/18 spend of €6bn to €7bn.

The summer window spending was equivalent to 28% of the projected total club revenue for the 2017 financial year, setting another new benchmark as this is 6% higher than the highest value in the last ten years.

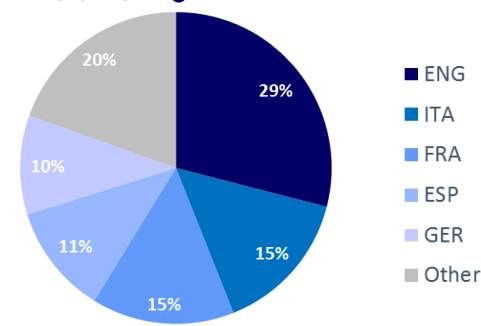
European transfer spending over the past decade



Share of overall summer transfer spending by clubs in the 'big five' European leagues



Transfer spending by league



The Premier League's 29% share is 3% lower than last year. Most of that difference has been absorbed by the French Ligue 1's increase from 5% to 15% of overall spending in summer 2017. Of the non-big five leagues, which account for 20% of the total, the English Championship has the largest share, at 4%.

Almost 100 high value transfers (€15m plus) reported in summer

The number of high-value summer transfers has increased over time, as could be expected given the increase in club revenues.

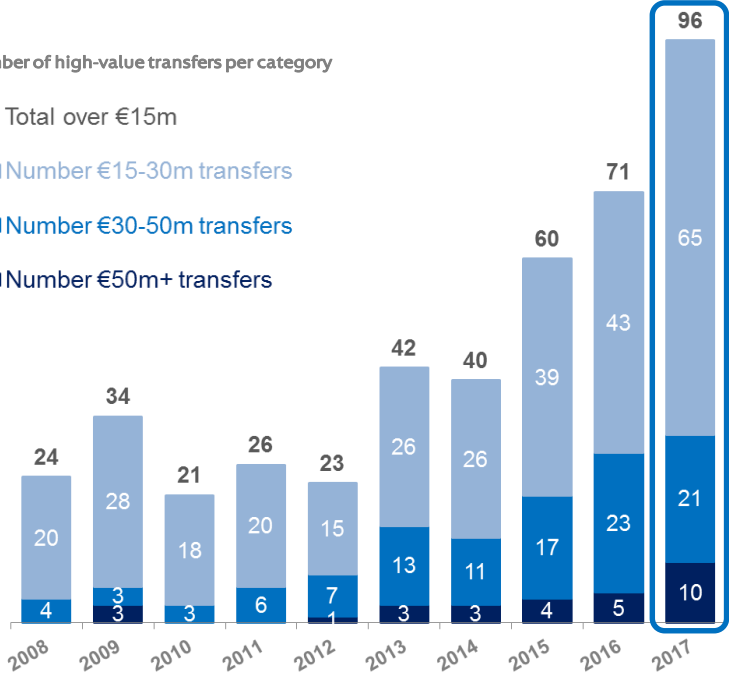
The most significant jump in high-value transfers is visible in the €50m+ category, where the number of transfers is twice as high as in the 2016 summer transfer window.

Of the 96 high-value transfers that occurred in the 2017 summer transfer window, French players appear to have been most in demand. Those 11 French players are followed by 8 Spanish and 7 Argentinian, English and Italian players. A total of 19 other nationalities that do not appear in this list involved players of 19 different nationalities, demonstrating the international nature of playing talent.

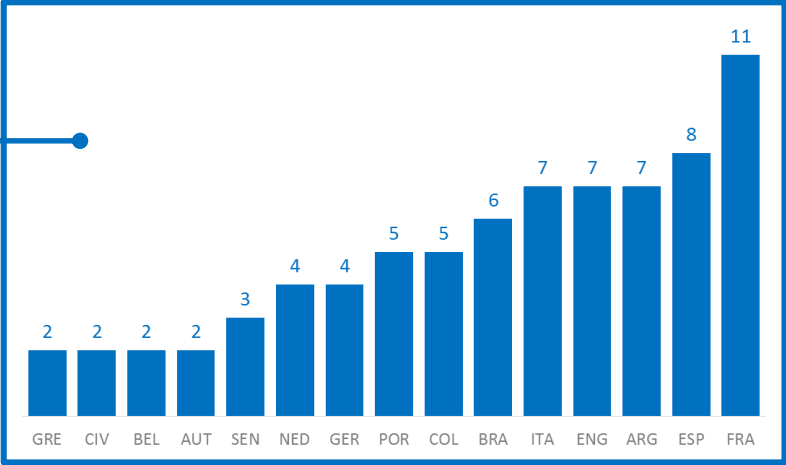
Number of high-value transfers per category

xx Total over €15m

- Number €15-30m transfers
- Number €30-50m transfers
- Number €50m+ transfers

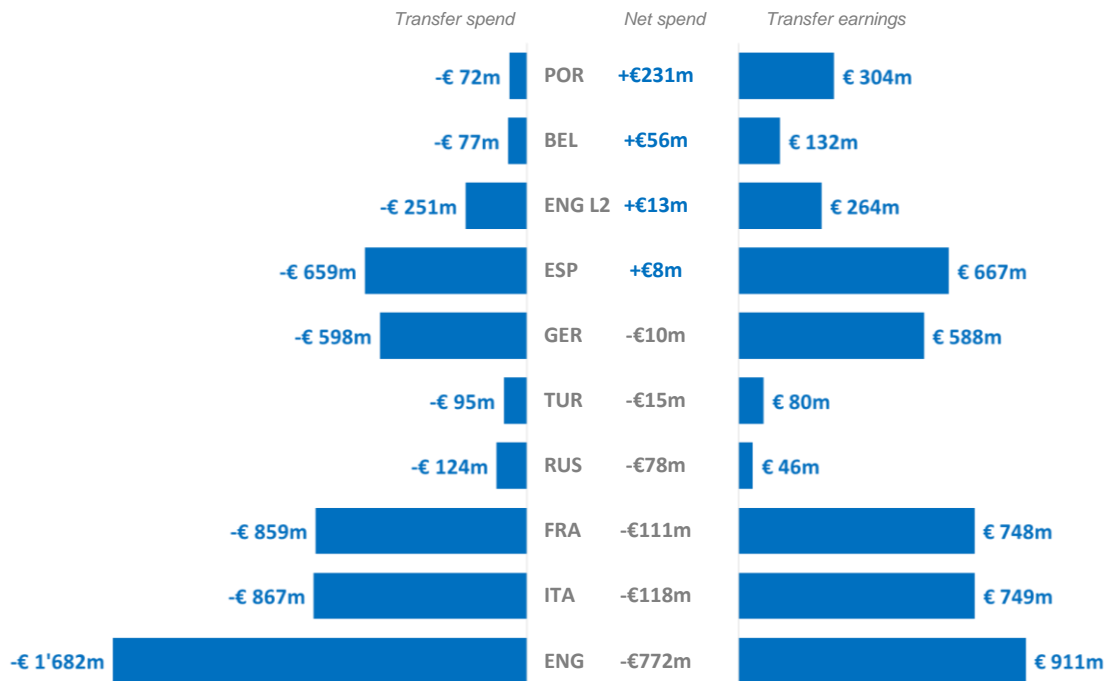


Nationalities involved in high-value transfers in summer 2017



Premier League most active in summer 2017 transfer market

The top 10 leagues by transfer spend



The top 10 markets

The Premier League was both the biggest spender as well as the biggest earner of this summer's transfer window. Despite being the biggest earner, the net spend of the Premier League is the highest with -€772million. On the other side of the spectrum is Portugal who had a positive net result of +€231m.

Outside the top 10 markets

The Netherlands just missed the top by a margin after upping their spending from €40million to €67million this summer. Ukraine, Sweden and Norway are the countries that saw the biggest proportional growth in comparison to previous year.

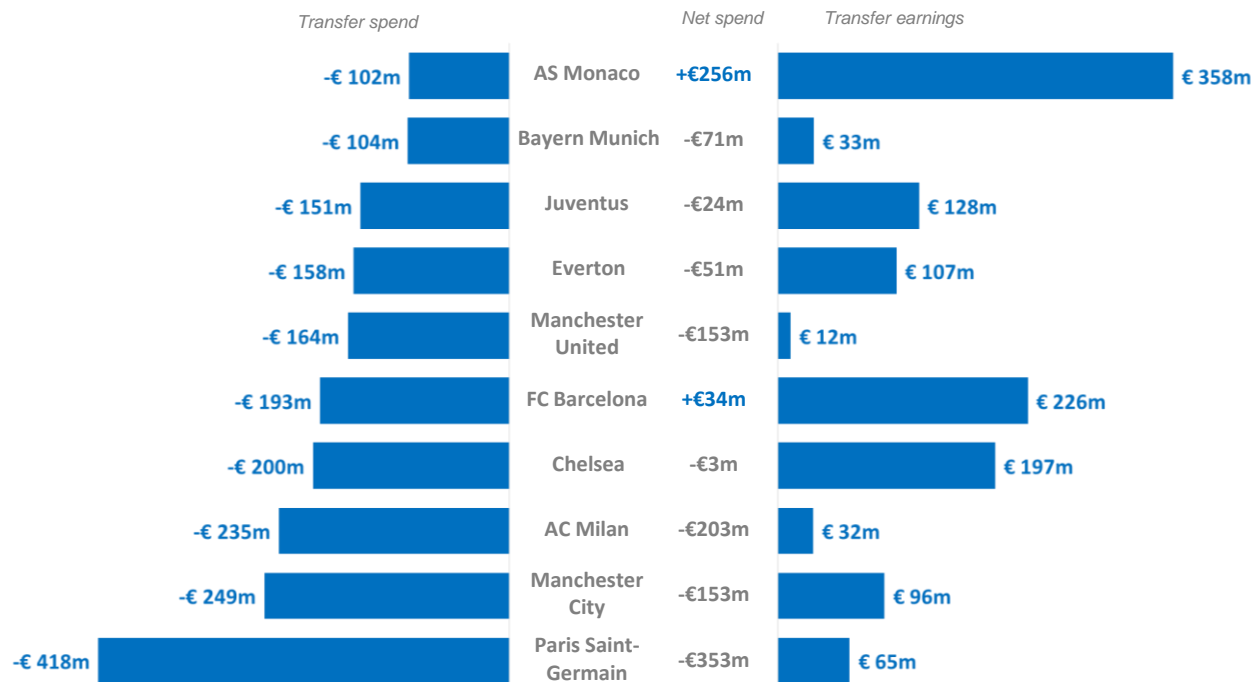
If the top 10 was listed by transfer earnings, the Netherlands and Romania would've made it on to the ranking instead of Turkey and Russia. Greece recorded the best net result of all non-top 10 countries with a plus of just under €20million.

Notable changes

The French Ligue 1 reported a growth of 331% in comparison to last summer's spending on the transfer market. This is by far the highest growth of the top 10 markets (comfortably above the Turkish Superlig who went up 92%). Although summer transfer spending of the English Championships decreased by 3% compared to last summer, the second divisions of the big nations continue to make up ground on mid-level nations in terms of transfer spending.

Four clubs dominated summer 2017 reported net transfer spending

The top 10 clubs by transfer spend



The top 10 markets

Only two clubs (AS Monaco and FC Barcelona) out of the top 10 were able to balance their transfer activity. In contrast, four clubs (Paris Saint-Germain, AC Milan, Manchester City FC and Manchester United FC) had a considerably higher net spend than the other big spenders.

Outside the top 10 markets

Inter Milan, Arsenal FC and Borussia Dortmund dropped out of the top 10 after having reported transfer spending of over €100m in the 2016 summer window, while the winner of the previous two editions of the UEFA Champions League, Real Madrid CF, has not featured in the top 10 in either of the previous two years.

Notable changes

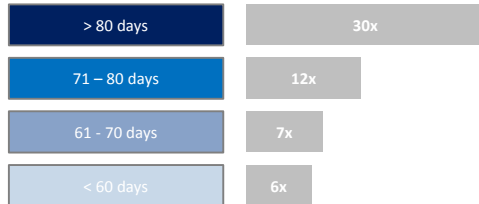
In a five-year ranking, three English clubs (Manchester City (1st), Manchester United (3rd) and Chelsea (4th)) make the top five in terms of transfer spending. These three English teams are accompanied by Paris Saint-Germain (2nd) and FC Barcelona (5th). In terms of transfer earnings over the same period, AS Monaco, Chelsea, SL Benfica, AS Roma and Juventus make up the top five.

Considerable timing differences in summer transfer windows

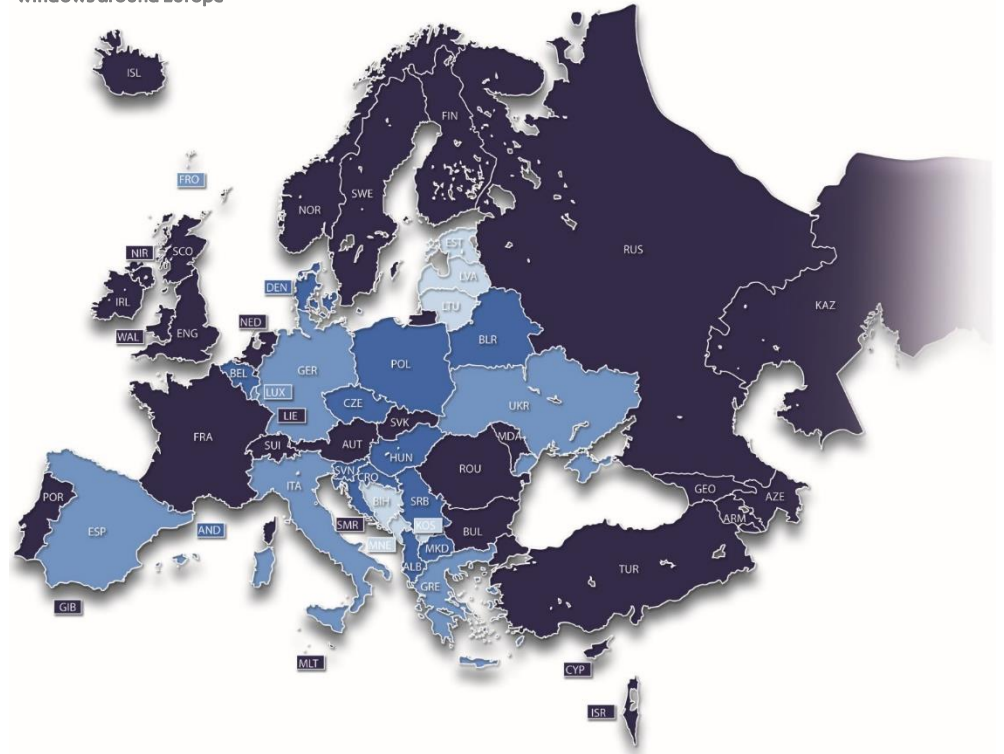
The timing in which transfers can be made differs considerably between UEFA's 55 member associations. In 2017 Luxembourg was the first to open its summer transfer window, on 25 May, and Portugal was the last, on 3 July.*

A total of 22 countries opened their summer transfer window (i.e. the window opened after the end of the previous season) for 83 days, which is the longest in Europe. The longest overall player registration period (winter and summer transfer windows combined) was 113 days, as seen in 11 countries ahead of the 2017/18 season.

Bosnia-Herzegovina and Estonia are the countries with the shortest summer transfer windows, at 50 and 52 days respectively. Over the entire season, Latvia is the country with the shortest player registration period, at just 73 days.



Summer 2017 transfer windows around Europe



* Transfer window information was retrieved on 9 October from the FIFA TMS website, on which all associations enter their transfer window data directly.

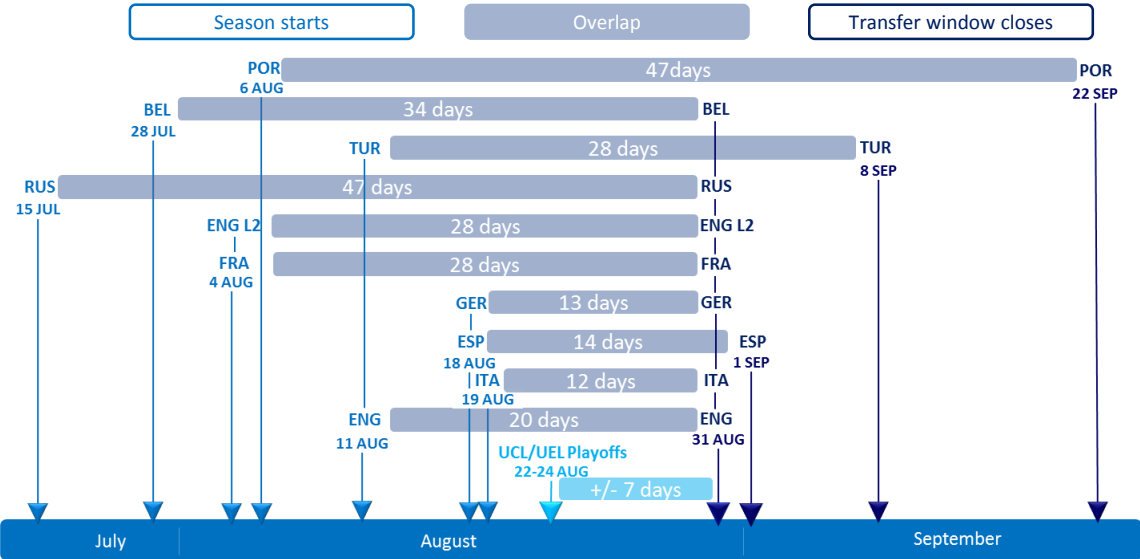
A quarter of transfer spending after season opener

Whereas the previous page looked at the length of the 55 UEFA member associations' player registration periods, this page illustrates the overlap between those registration periods and the start of the season for the top 10 leagues by transfer spend (see p40).*

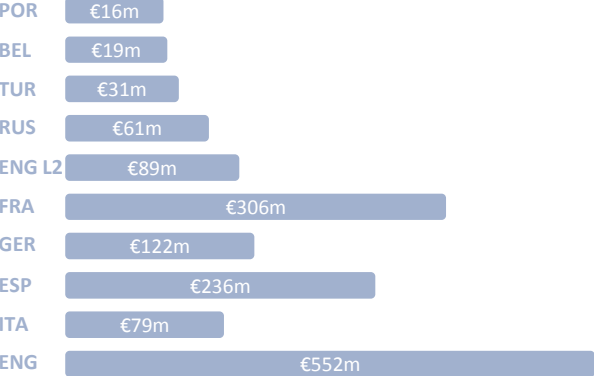
Portugal has the longest period between the start of the season and the day the transfer window closes (47 days). By contrast, Serie A clubs had just 12 days' overlap in 2017/18.

A total of €1.5bn was spent in the top 10 leagues between the start of the season and the day the various transfer windows closed. The Premier League accounted for almost one-third of this (€552m).

Overlap between start of season and transfer deadline

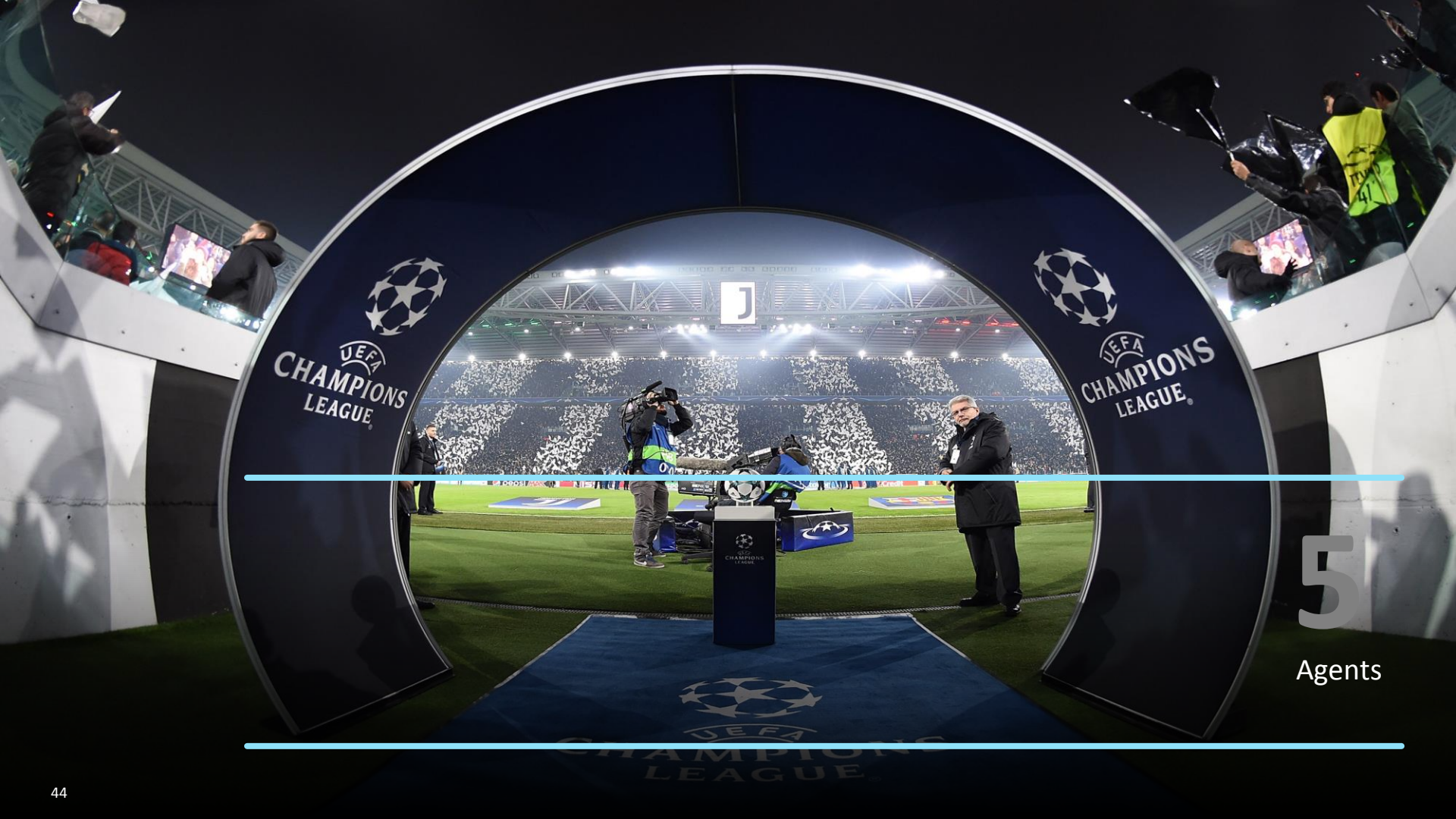


Transfer spend during overlap (€millions)



Clubs spent 25% of their overall summer 2017 transfer spending after their domestic season started

* As domestic seasons usually kick off at the weekend, the exact overlap between the start of the season and end of the window may vary slightly. Some leagues also start earlier in the summer preceding a major tournament (e.g. August 2017, ahead of the 2018 World Cup). Therefore the summer 2018 overlap could potentially be a week shorter than shown here for 2017 in France, Germany, Portugal, Russia and Turkey.



UEFA
CHAMPIONS
LEAGUE

UEFA
CHAMPIONS
LEAGUE

5

Agents

Agent highlights

Across some 2,000 transfers reviewed between 2014 and 2017, agents' fees averaged 12.6% of the transfer fee – a significant cost for clubs

There is no 'typical' agent commission – 769 deals involved agents' fees of less than 10%, 576 involved fees of 10 to 20% and 646 involved fees of more than 20%

In general, agents' commissions are higher on smaller deals – averaging less than 10% on deals of €5m+ but 20% on transfers of less than €1m

The agent business is relatively open, with the largest agency responsible for only 6 of the 96 major transfers of summer 2017

Agent fees reviewed across 2,000 transfers

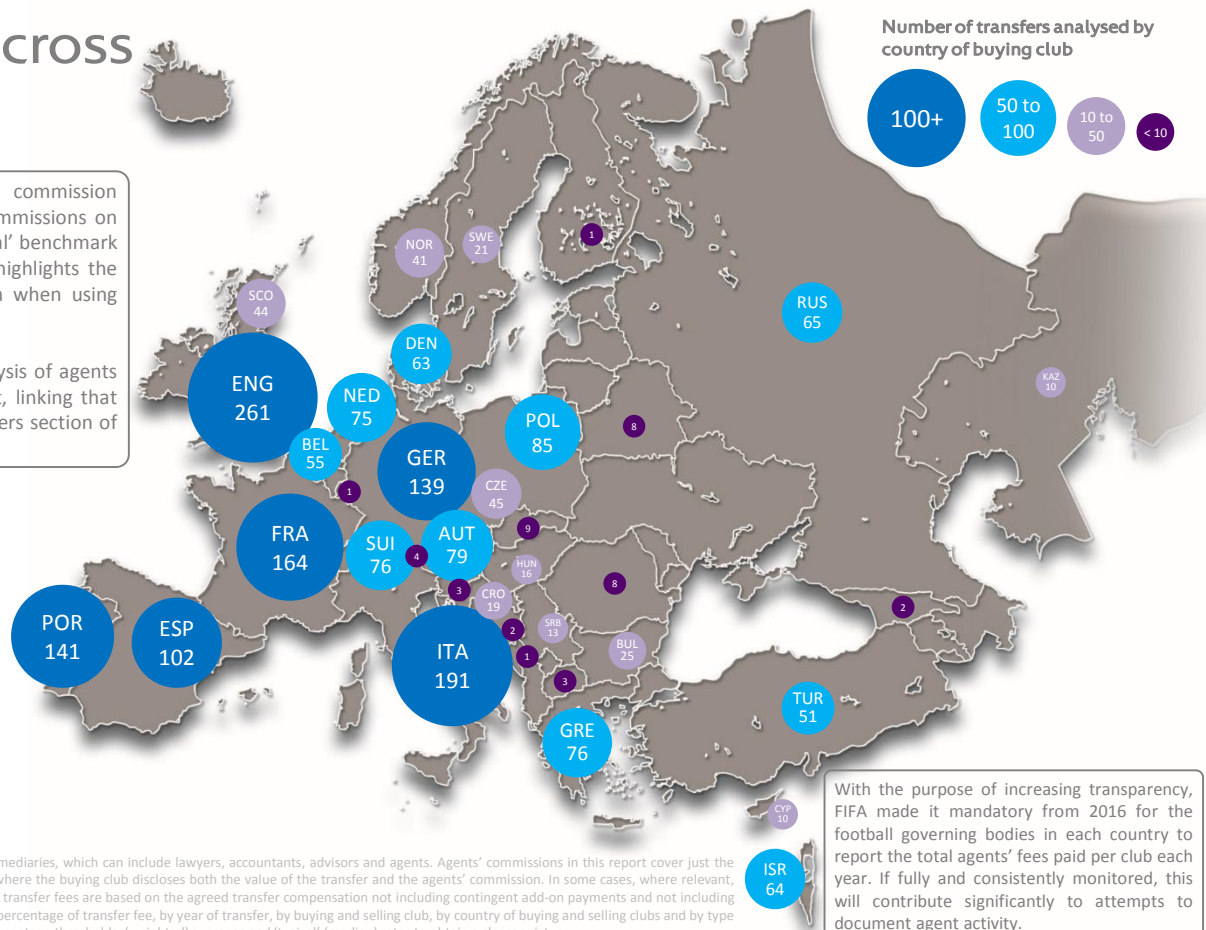
This section expands considerably on the high-level agents' commission analysis included in the FY2012 report by analysing agents' commissions on almost 2,000 player transfers. The analysis shows how the 'typical' benchmark commission varies according to market and transfer type and highlights the variation in commissions, indicating that care should be taken when using these benchmarks for individual deals.*

The second part of the section focuses on a concentration analysis of agents and agencies across world football and at the top of the sport, linking that analysis to the major individual transfers presented in the transfers section of this report.

The agents' commission analysis covers clubs that have competed in UEFA club competitions between 2014 and 2017 and includes clubs from 37 UEFA member associations. The sample is strongly representative as it covers at least 100 different player transfers for clubs from each of the six most active countries and at least 50 transfers for another 10 of the countries that are active in the transfer market. The transfer deals also include selling clubs from 84 different countries, including clubs in 47 UEFA member associations, 15 CAF (African), 10 AFC (Asian), 9 CONMEBOL (South American) and 3 CONCACAF (North and Central America and Caribbean) member associations. This representative sample more or less mirrors the activity highlighted in the transfers section of this report.

* For the purposes of this report, all references to 'agents' covers the broader category of intermediaries, which can include lawyers, accountants, advisors and agents. Agents' commissions in this report cover just the buying club's agent costs and are analysed only for transfers (no loans or out-of-contract deals) where the buying club discloses both the value of the transfer and the agents' commission. In some cases, where relevant, the agents' commission includes other direct transfer costs reported by the club. The agents' and transfer fees are based on the agreed transfer compensation not including contingent add-on payments and not including the agents' costs. Agents' commissions for 1,973 transfers are analysed by commission value and percentage of transfer fee, by year of transfer, by buying and selling club, by country of buying and selling clubs and by type of transfer (national or international). The commission percentage is further analysed based on percentage thresholds, (weighted) averages and 'typical' (median) rates to obtain a clearer picture.

Number of transfers analysed by country of buying club



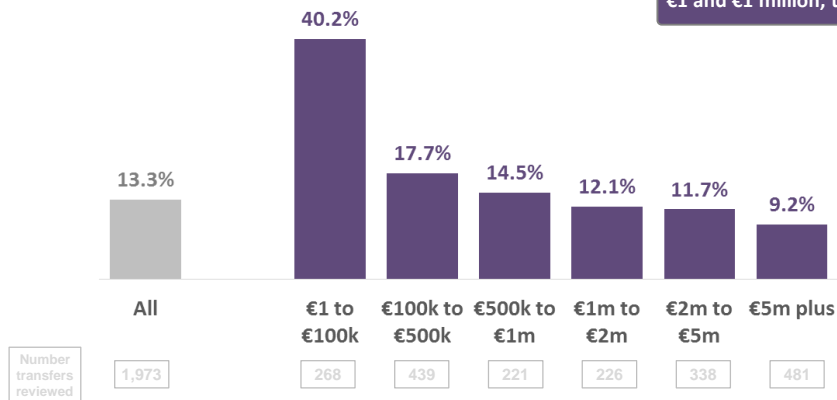
With the purpose of increasing transparency, FIFA made it mandatory from 2016 for the football governing bodies in each country to report the total agents' fees paid per club each year. If fully and consistently monitored, this will contribute significantly to attempts to document agent activity.

Agents' commissions significantly higher on lower-value transfers

Benchmark commission rate: Total, weighted average and mid agents' commissions:*

An eye watering €1,270m of agent commissions were reported by clubs on the 2,000 transfers reviewed, which covered about 40% of overall European club transfer spending during the period 2013-2017. In total these commissions were equivalent to 12.6% of the transfer fees with the mid commission rate at 13.3%.

Mid agents' commission rate by size of transfer deal



Lower-value transfers of less than €100,000 are subject to the highest agents' commissions, with a mid rate of 40%. If the threshold is increased to between €1 and €1 million, then the mid rate agent commission is still 20%.

The mid agents' fee as a percentage of the transfer fee falls as the transfer deal increases, with the benchmark at 9.2% for transfers of more than €5m.

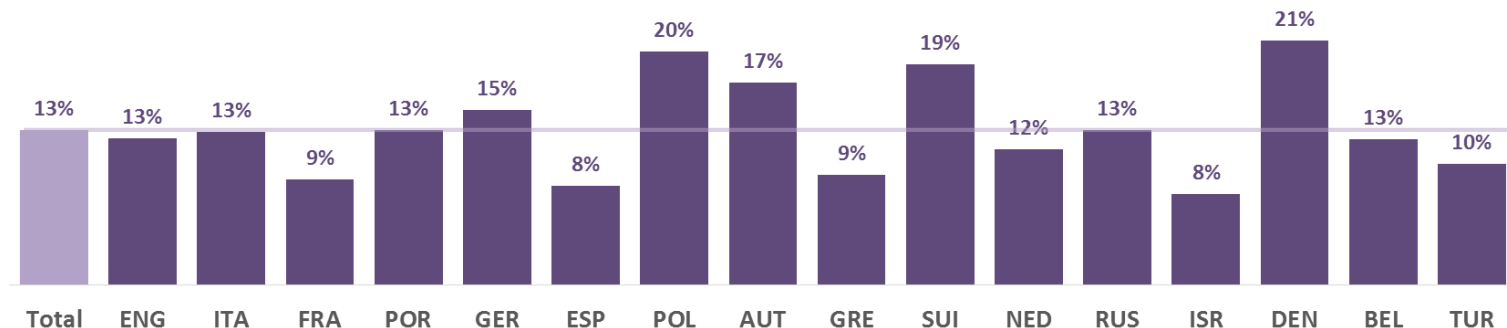
The mid rate is relatively consistent over the years, fluctuating between 13% and 14% in each of the periods analysed.

* The 'weighted average' agents' commission is the total agents' fee as a percentage of the total transfer fee and is the best measure to estimate total European agent costs. The weighted average cost of 12.6% has been adjusted to exclude the disproportionate effect of two outlier transfers, where disproportionately high agent costs were recorded due to the impact of third-party ownership, the average would increase to 13.4% if these two transfers were included. The rest of the analysis in the section focuses on presenting the mid commission rate which is the value halfway down the list from highest to lowest (median) and gives a better representative benchmark for agents' commission rates, albeit this report clearly highlights that there is no such thing as a 'typical' commission due to the enormous variation in rates. The other common use of the term average, calculated from the average of average rates, is avoided in this report, as it is skewed heavily by some outlier deals with commission percentages of 100%+ that have a disproportionately large impact on the results.

Agents' commission rates vary country by country

French, Israeli and Spanish clubs reported the lowest agent commission rates of 8% to 9% between 2013 and 2016, with Danish, Polish and Swiss clubs reporting the highest mid commission rates of 19% to 21%. This is partly due to the mix of high and low-value transfers. Indeed, across clubs from every league, the mid commission rate was noticeably higher for lower-value transfers (transfer fee of less than €1m).

Mid commission rate by country* of club that receives player: Agent costs as percentage of transfer fees

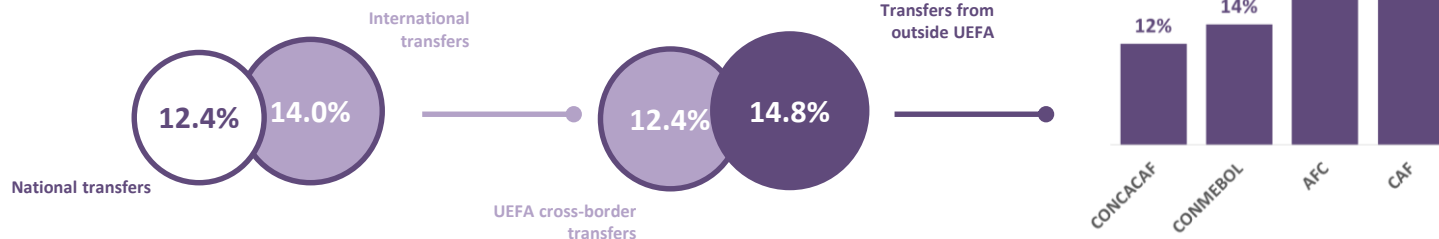


* Commission rates by country are presented for the 16 leagues with a strong representative sample of at least 50 transfers. The total measures cover all transfers from these 16 leagues and all the other leagues where a smaller number of transfers were analysed.

Higher commissions on international transfers

Mid agents' commissions on cross-border transfers (14.0%) are higher than the 12.4% mid rate for national transfers. Furthermore, among these cross-border transfers, the mid rate of 14.8% for a transfer originating outside UEFA territory is higher than the average of 12.4% within UEFA territory (i.e. between two clubs from different UEFA member associations).

Mid commission rates



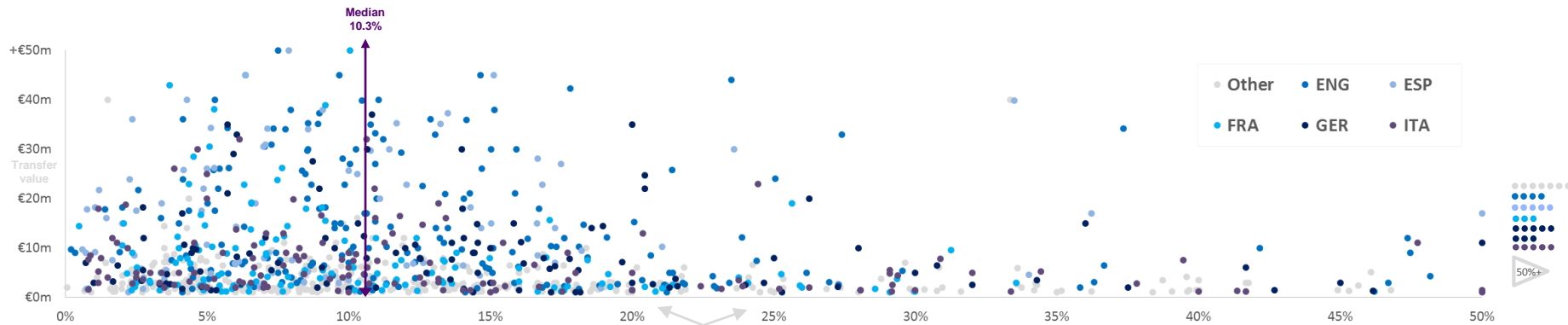
Mid commission rates for transfers originating in North and Central America and the Caribbean (CONCACAF) or South America (CONMEBOL) do not differ significantly from the average rate for cross-border transfers within Europe.

The mid commission of 26% paid on the 28 transfers originating in Asia (AFC) and the 32% average paid on the 50 transfers originating in Africa (CAF) are considerably higher. This is partly due to the low average value of the deals but the mid commissions paid remain noticeably higher than transfers originating from other regions if just larger (€1m+) deals are considered.*

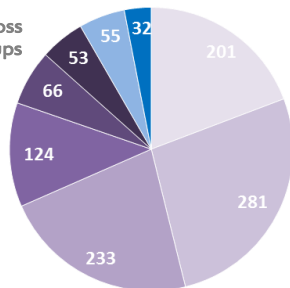
No such thing as a ‘typical’ agent commission rate

Agents’ commissions as percentage of transfer fee in 1,045 transfers between €1m and €50m*

Each transfer deal has been plotted to visually illustrate the wide disparity between agents’ rates and the fact that this wide disparity applies within all countries (by buying club), underlining the unstructured and unregulated nature of the player agent market

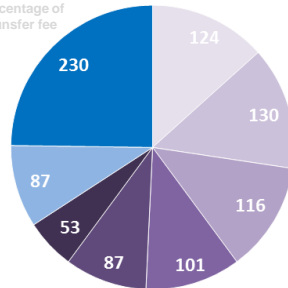


Number of large transfers (€1m+) across different commission percentage groups



Agent commission as percentage of transfer fee

- <5%
- 5% to 10%
- 10% to 15%
- 15% to 20%
- 20% to 25%
- 25% to 33%
- 33% to 50%
- >50%



Number of smaller transfers (less than €1m) across different commission percentage groups

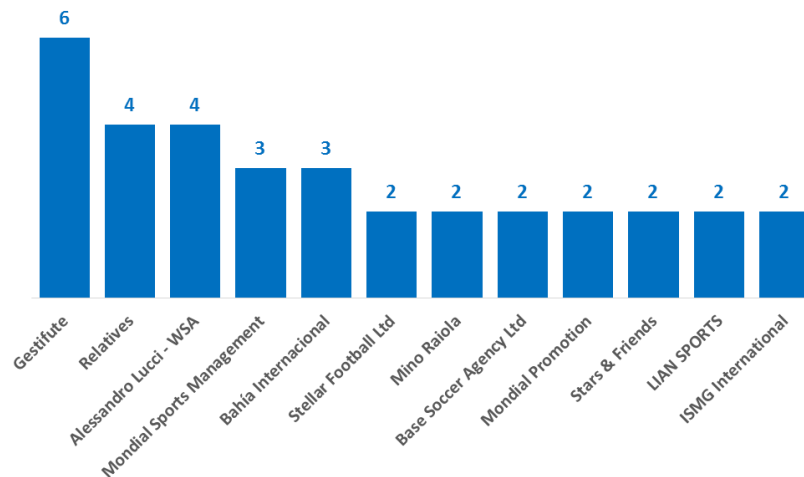
Extreme agent commissions equivalent to more than 50% of the transfer fee are rare in large transfer deals (32 occasions, 3% of total) but relatively common in smaller transfer deals (230 occasions, 25% of total). Significant agent commissions equivalent to more than 25% of the transfer fee were recorded on 140 occasions in large deals (13%) and on 370 occasions in smaller deals (40%).

* For visual reasons, the 28 outlier deals with commission rates of 50%+ (horizontal axis) are added on the right-hand side but not plotted by value. All transfers over €50m (vertical axis) have been excluded to protect anonymity.

More than 70 different agents involved in summer's large deals

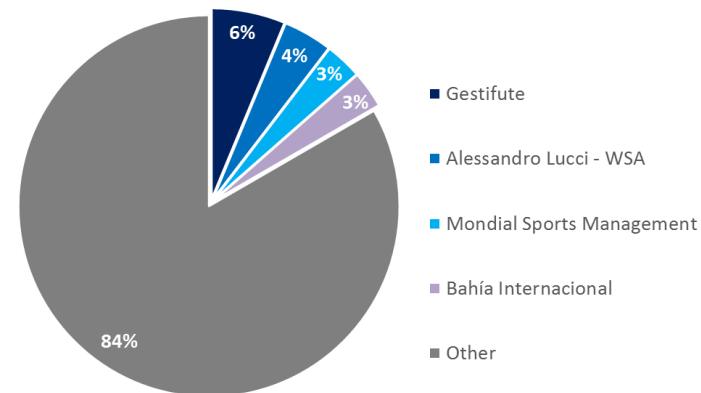
This page analyses the role of player agents among 96 major transfers made in summer 2017 (€15m+ reported transfer fee) as referenced in the transfers section of this report. In particular the concept of agent concentration or dominance is investigated.

Most common player representation among the 96 high-value summer 2017 transfers



Gestifute is the only agency that represented more than five of the high-value transfers and the only agency that worked with a single club on more than one occasion, transferring two players from both Porto FC and Benfica SL and transferring two players to Manchester City FC. The largest representation by value are relatives of the players. Four players were represented by their relatives during high-value transfers amounting to a total transfer sum of approximately €320m.*

Concentration of player agents by transfer value among the major summer 2017 transfers



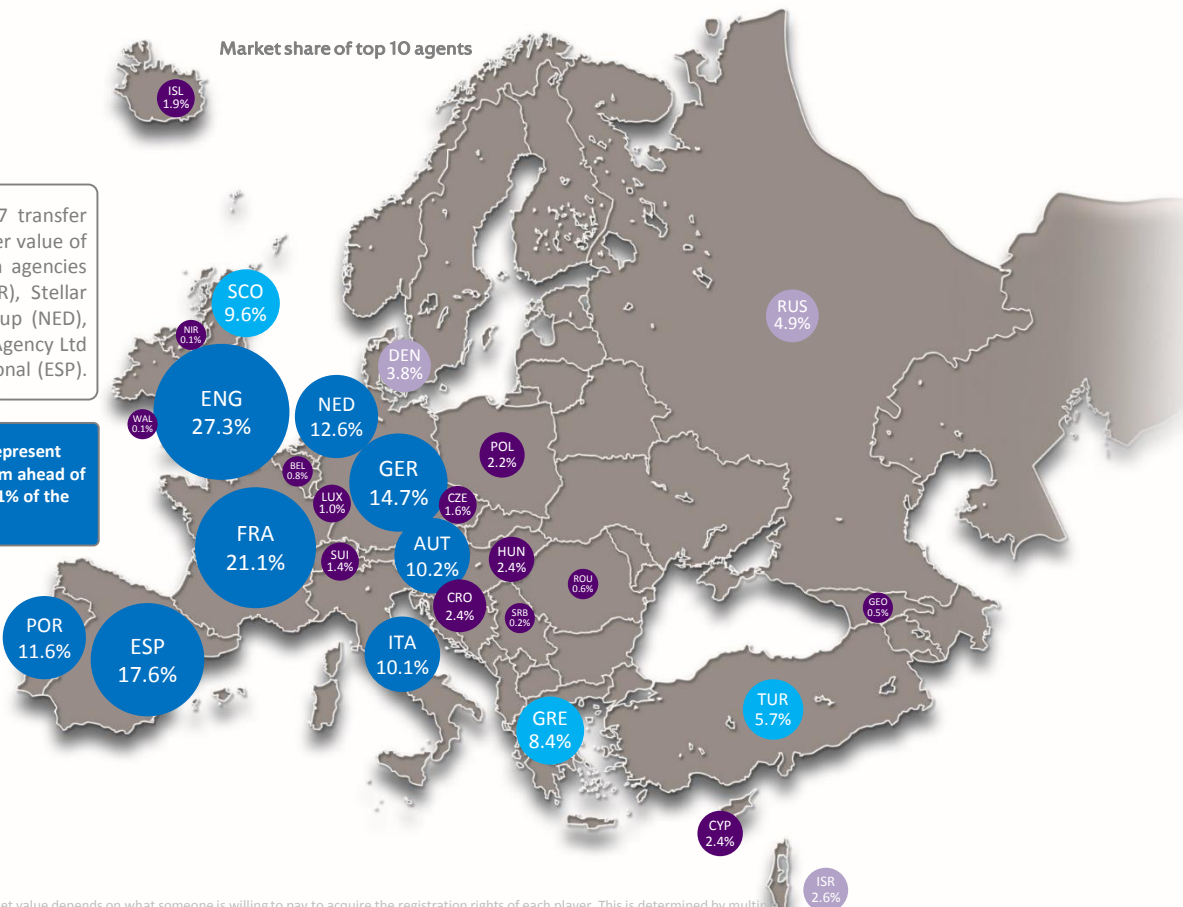
The four agents responsible for the largest number of transfers during the summer 2017 transfer window represent only 17% of the total number of transfers. In total, more than 70 different player representatives were involved in the 96 high-value transfers that occurred, clearly demonstrating the lack of concentration of agents among the top transfers.

* For six high-value transfers that occurred in the 2017/18 summer transfer window the collaborating agents are unknown. Therefore these players are listed as unknown and added to the category 'Other'.

Top 10 agencies and their market share

The previous page identified the top agents in the summer 2017 transfer window. This page identifies and analyses the market share by player value of the top 10 player agents across European club football.* The ten agencies analysed are: Mondial Sports Management (GER), Gestifute (POR), Stellar Football Ltd (ENG), Mino Raiola (NED), Sports Entertainment Group (NED), Unique Sports Management (ENG), SportsTotal (GER), Base Soccer Agency Ltd (ENG), ROGON Sportsmanagement GmbH (GER) and Bahia Internacional (ESP).

Not surprisingly, England is the country in which the top 10 player agencies represent the largest percentage of the playing talent (27.3%). This percentage puts them ahead of France (21.1%) and Spain (17.6%). In total, the top ten agencies represent 23.1% of the estimated playing talent currently playing in Europe.



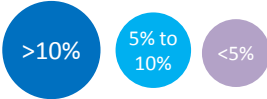
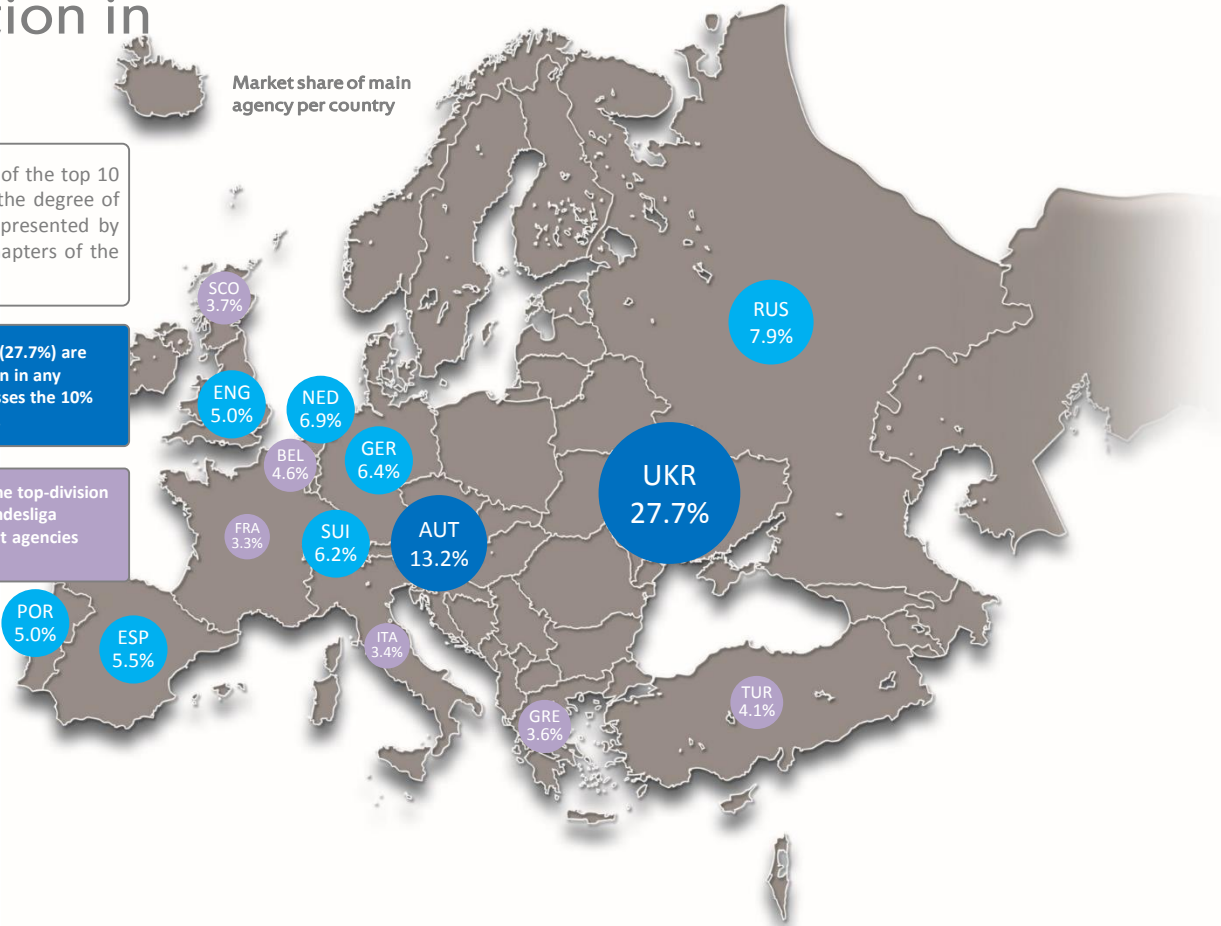
* The market value of 'playing talent' is a theoretical, estimated market value because the actual market value depends on what someone is willing to pay to acquire the registration rights of each player. This is determined by multiple factors, including the player's contractual situation and numerous characteristics of the player, and the buying and selling clubs. A non-exhaustive list of club characteristics includes the availability of alternative players (at the club and from outside), the club's financial strength and league position, the number of clubs competing for players with the same characteristics, and the club's managerial situation (e.g. new head coach or sporting director).

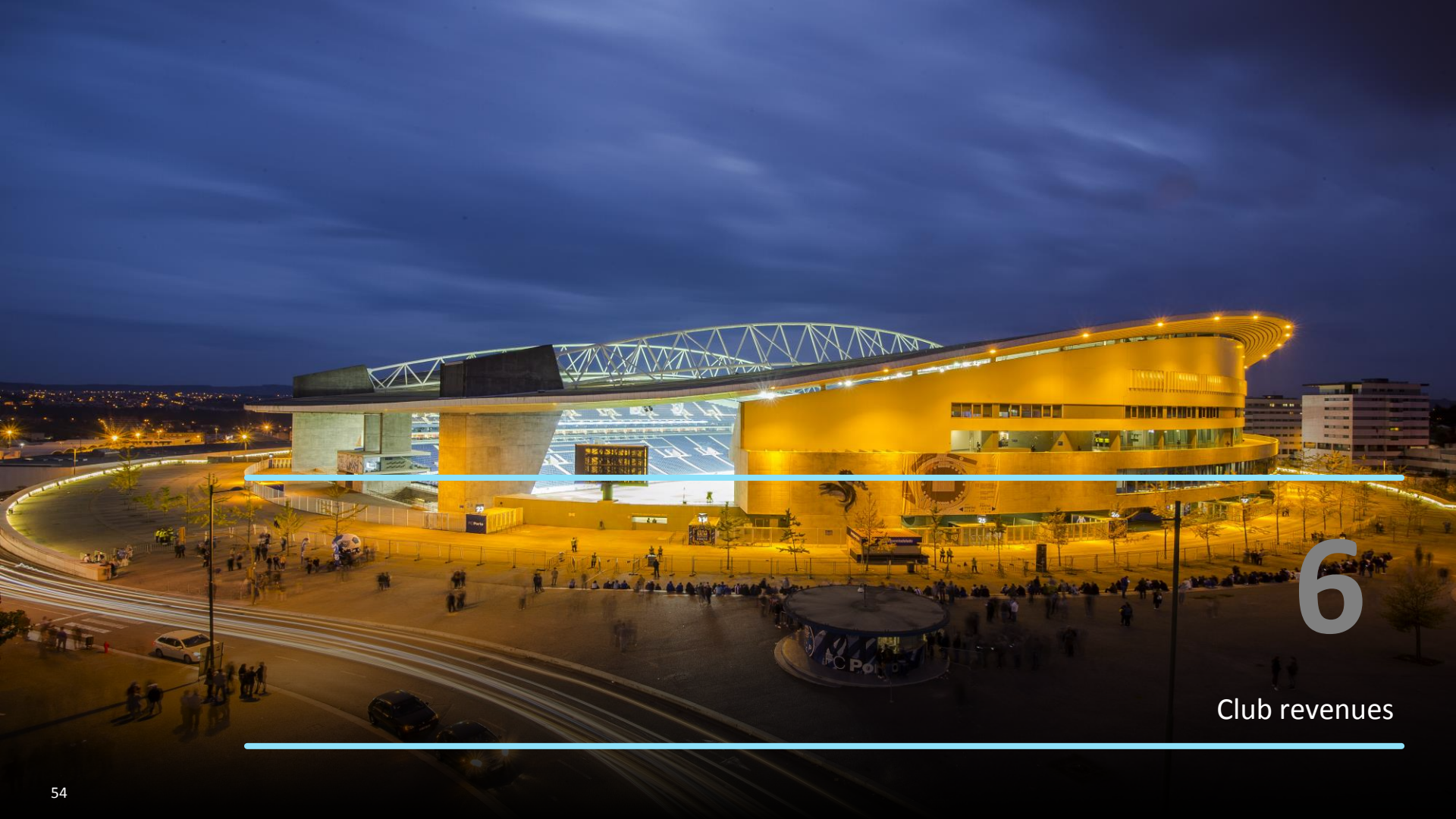
Low level of concentration in player representation

Whereas the previous page of the report looked into the influence of the top 10 agencies in the different European countries, this page illustrates the degree of market concentration, by presenting the percentage of players represented by the largest agency within the top division. In line with previous chapters of the report, this analysis focuses on 15 selected leagues across Europe.

In the Ukrainian top division, more than a quarter of the top-division players (27.7%) are represented by the agency ProStar, which represents the largest concentration in any domestic league. The Austrian Bundesliga is the only other league that surpasses the 10% mark, where 13.2% of top-division players list Stars & Friends as their agency.

The French Ligue 1 is on the other side of the spectrum, where only 3.3% of the top-division players are represented by the agency with the most clients. The German Bundesliga features the highest diversity of player representation, with over 200 different agencies representing players.





6

Club revenues

Club revenue highlights

European club revenues have more than tripled this century

League TV revenue distributions vary considerably in size and in the distribution between clubs

Revenue growth varies considerably, with commercial driving the 'top 12' clubs' growth, TV revenues driving the smaller clubs in large leagues, and UEFA revenue increases benefitting the clubs in smaller leagues

European club revenue growth a long term success story



* Compound average growth rate. Source: data covering all of Europe's top-division clubs submitted directly to UEFA since 2007. Prior to this no Europe-wide data was available but many of the major leagues collected data and this has been summarised in the Deloitte Annual Football Review dating back to 1996. The total European top-division aggregate revenue and wages for 1996 to 2006 has been estimated by extrapolating across the missing leagues using a ratio of 68:32 (non top-five data extrapolated from known top-five data).

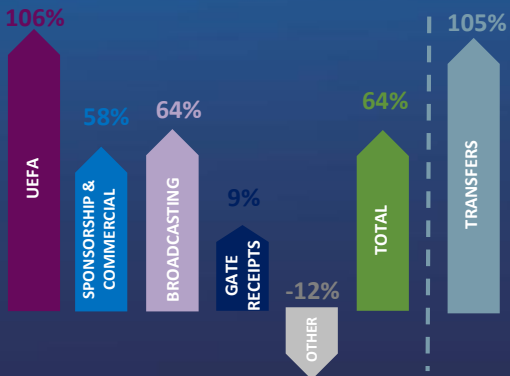
Medium-term league revenues growing at different speeds

Two-cycle revenue growth from financial years ending 2010 to 2016
(aggregate league increase, €m per club increase and percentage growth)*

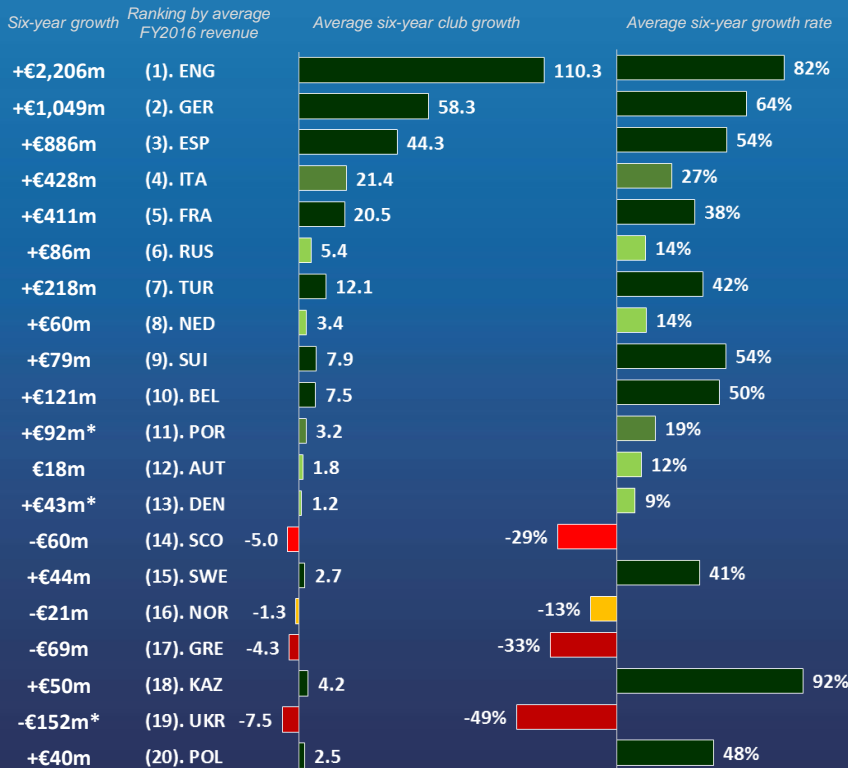
Over the medium term (FY2010 to FY2016, equivalent to two TV cycles), clubs in 16 of the top 20 leagues (ranked by average revenue) have increased their revenues. In absolute terms, English clubs have extended their revenue advantage, growing on average by €110m per club, with German (€58m per club) and Spanish clubs (€44m per club) also growing strongly. Clubs in the next four leagues, all in countries with large populations, have also enjoyed healthy growth at an average of €15m to €20m per club, but have nonetheless fallen further behind the top three leagues.

Growth has been more patchy lower down the rankings, where clubs from countries with smaller populations have not benefitted from similar levels of TV revenue increases. Belgian, Kazakh, Polish and Swiss clubs have enjoyed the most relative success in increasing their revenues but the average revenue in Greece, Norway, Scotland and Ukraine has decreased.

Six-year increase in European club revenues per revenue stream (FY2010-FY2016, all 54 leagues)



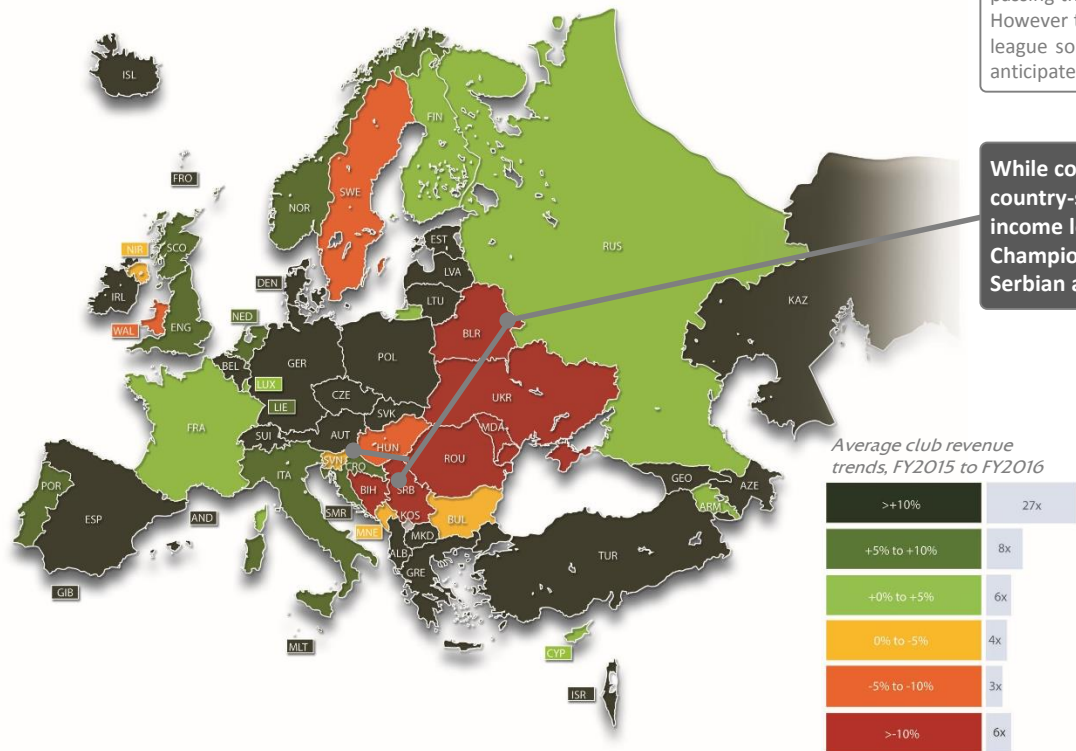
Over the medium term, total European club revenue has grown by 64%. The revenue mix has changed, with low growth in gate receipts and a decrease in other revenues (primarily donations) reducing their impact. Gross transfer earnings (not included in revenue but analysed separately in financial reports) has more than doubled, as has UEFA prize money.



* The 2010-2016 aggregate revenue increase in Denmark is a result of an increase in average club revenue combined with an increase in the number of clubs from 12 to 14. Likewise the Portuguese league has increased from 16 to 18 clubs. By contrast the aggregate revenue decrease in Ukraine is a result of decreased average revenue and a decrease in number of clubs from 16 to 12.

Short-term European club revenue growth (FY2016)

Revenue changes over one year (FY2015 to FY2016) in local currency terms*



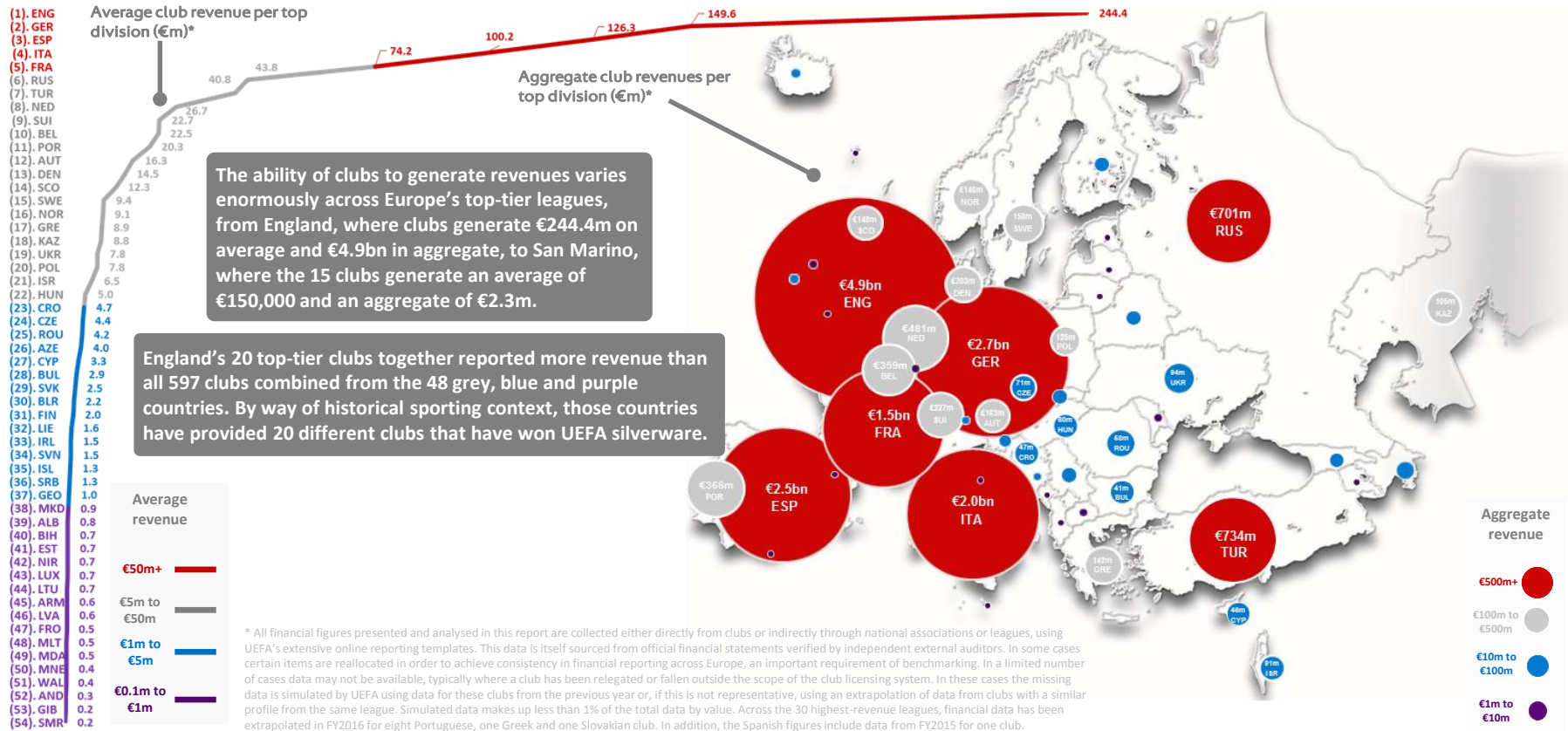
The first two Kosovan clubs participated in UEFA club competitions in 2017/18, passing through the club licensing system and providing financial and other data. However two clubs is not a sufficient sample to assess the financial results of the league so Kosovo is not included in this year's financial section. We hope and anticipate Kosovo will be included in full in next year's financial sections.

While combined European club revenue has seen consistent growth, country-specific developments are naturally more varied. For middle-income leagues, one club missing out on qualification for the UEFA Champions League group stage can set the trend and the Belarussian, Serbian and Slovenian club revenue fall was specifically due to this.

The general upward club revenue trend across Europe reported last year has continued, with revenue growth reported in 41 leagues, of which 27 reported major revenue growth of more than 10%.

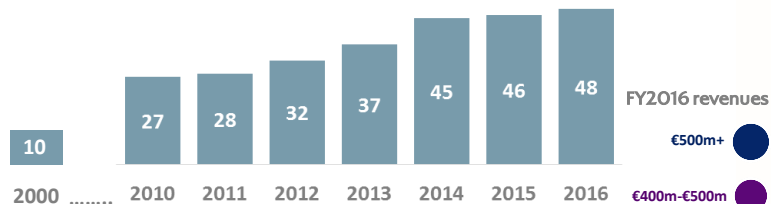
* For clubs not operating in euros, the fluctuation in the value of their local currency can affect their financial results. When looking at the underlying trend within a particular league or country (as on this page) it is important to neutralise the currency impact and analyse the trends in local currency terms. When looking at aggregate European trends or making cross-border comparisons (as elsewhere in the report) it is more appropriate and meaningful to analyse trends in euro currency terms since the value of the domestic currency impacts competitiveness.

Average and aggregate revenues by country

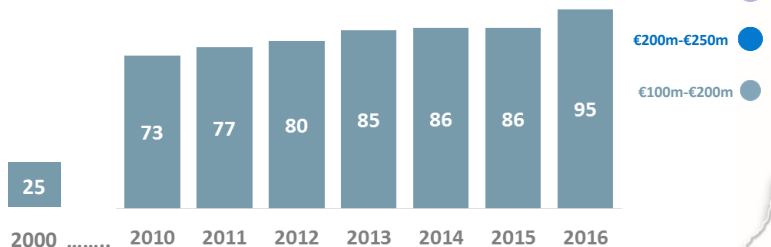


Increasing number of clubs breaking €100m+ revenue barrier

Clubs with annual revenues of €100m+

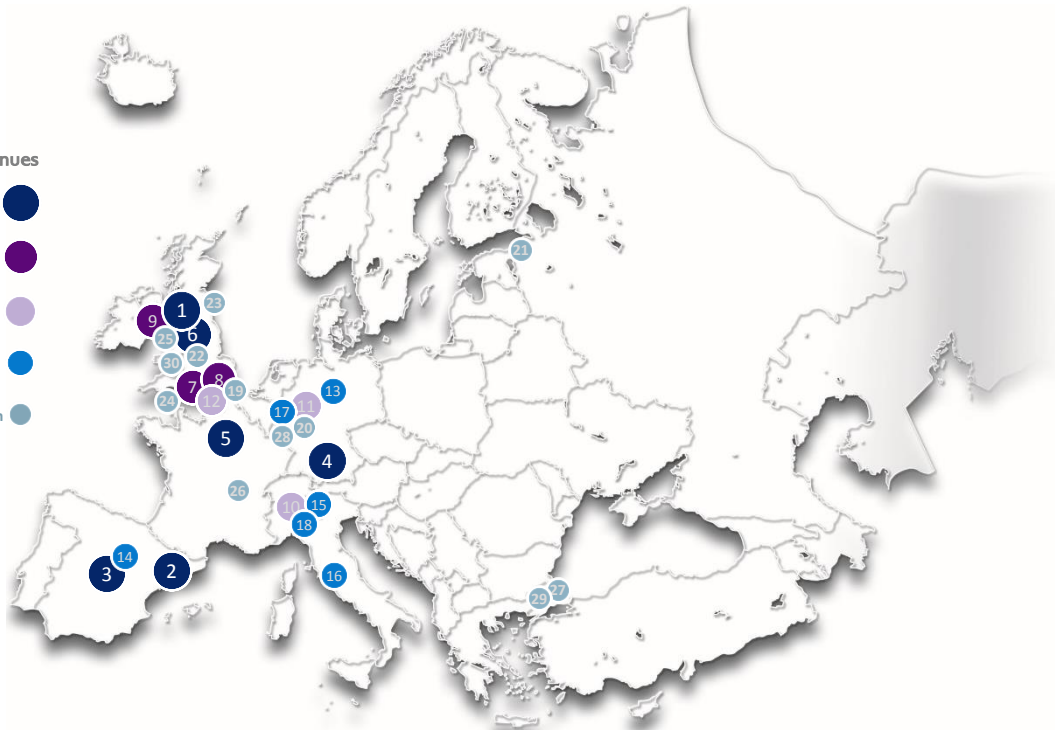


Clubs with annual revenues of €50m+



The number of European clubs with revenues in excess of €100m has edged up from 46 to 48, although there is some churn with 5 clubs dropping below the €100m threshold and 6 clubs rising above it.

The more noticeable trend is the number of clubs with revenues above €50m, which has increased significantly from 86 to 94 clubs. At the turn of the century there were only an estimated 25 clubs with this earning, and consequently, spending power.*

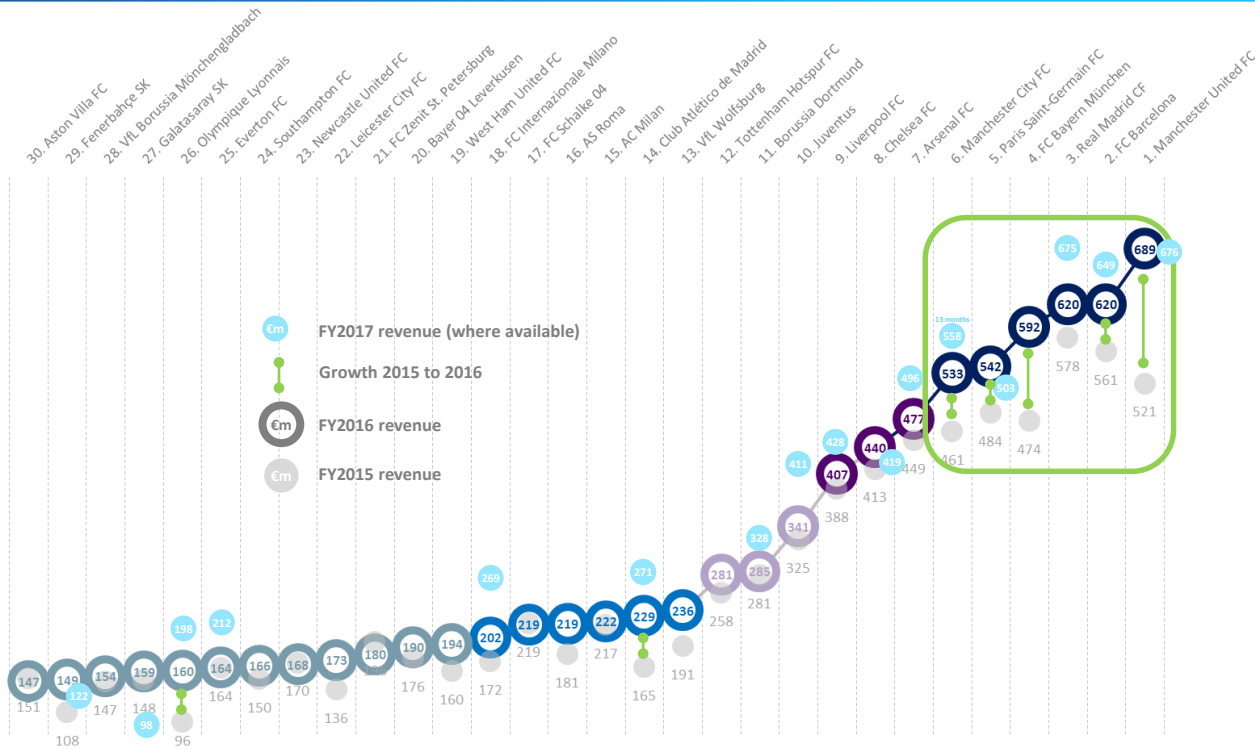


This top 30 represents not just Europe's but the world's largest football clubs by revenue. Football might be a global game, but the map above highlights the geographical concentration of that wealth.

* The full picture of European club finances has only been revealed since UEFA started receiving the financial data for all 700 top-division clubs (2007). Deloitte has, however, published its 'rich list'/'money league' since the start of the century and although this has not covered every club in recent years (in particular many of the large eastern European clubs only release data to UEFA) it does cover the vast majority of clubs. Indeed, going back to 1999/2000 it is quite probable that the 25 clubs reporting over €50m revenue were all on the list.

The top 30 clubs by revenue

Rank	Club	Country	FY16	Year-on-year growth	Growth rate
1	Manchester United FC	ENG	€689m	€169m	32%
2	FC Barcelona	ESP	€620m	€59m	11%
3	Real Madrid CF	ESP	€620m	€42m	7%
4	FC Bayern München	GER	€592m	€118m	25%
5	Paris Saint-Germain FC	FRA	€542m	€58m	12%
6	Manchester City FC	ENG	€533m	€73m	16%
7	Arsenal FC	ENG	€477m	€28m	6%
8	Chelsea FC	ENG	€440m	€27m	7%
9	Liverpool FC	ENG	€407m	€18m	5%
10	Juventus	ITA	€341m	€17m	5%
11	Borussia Dortmund	GER	€285m	€4m	1%
12	Tottenham Hotspur FC	ENG	€281m	€22m	9%
13	VfL Wolfsburg	GER	€236m	€45m	23%
14	Club Atlético de Madrid	ESP	€229m	€64m	39%
15	AC Milan	ITA	€222m	€5m	2%
16	AS Roma	ITA	€219m	€38m	21%
17	FC Schalke 04	GER	€219m	€0m	0%
18	FC Internazionale Milano	ITA	€202m	€30m	17%
19	West Ham United FC	ENG	€194m	€34m	21%
20	Bayer 04 Leverkusen	GER	€190m	€14m	8%
21	FC Zenit St. Petersburg	RUS	€180m	-€16m	-8%
22	Leicester City FC	ENG	€173m	€37m	27%
23	Newcastle United FC	ENG	€168m	-€2m	-1%
24	Southampton FC	ENG	€166m	€17m	11%
25	Everton FC	ENG	€164m	€0m	0%
26	Olympique Lyonnais	FRA	€160m	€64m	66%
27	Galatasaray SK	TUR	€159m	€11m	7%
28	VfL Borussia Mönchengladbach	GER	€154m	€7m	4%
29	Fenerbahçe SK	TUR	€149m	€41m	37%
30	Aston Villa FC	ENG	€147m	-€4m	-3%
1-30	Average		€305m	€34m	
1-30	Aggregate		€9,159m	€1,019m	13%



The top 30 clubs generated over €9.1bn in revenues in FY2016. This amount represents just under half of all European top-division club revenues. Every one of the top 30 clubs reported an increase in revenue in FY2016, the 12% average growth rate matching that of the previous year.

Last year's report highlighted the two-speed growth in the last five years of club commercial revenues and the widening financial gap between the 'global super powers' and other large clubs. Seven clubs (green markers) reported revenue growth of €50m or more, with Manchester United and FC Bayern each enjoying growth of more than €100m.

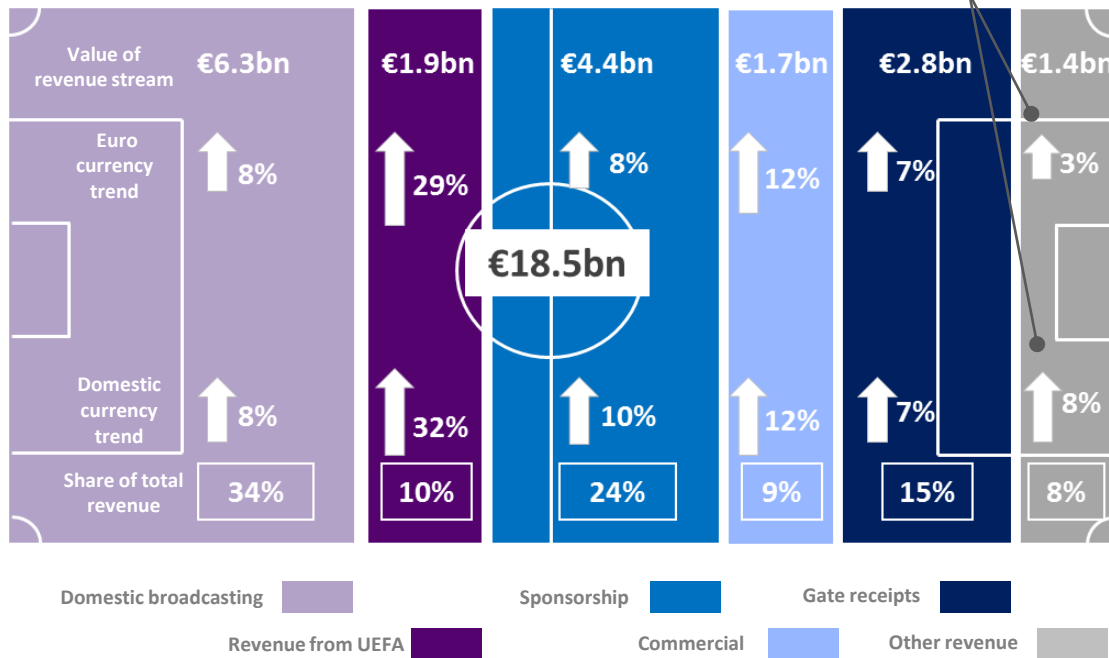
European club revenues by type

Club revenues in euros increased by 9.5% between FY2015 and FY2016, following 6% increases in the two previous years.

Two growth rates are used in this report. The 'euro currency trend' allows for the best comparison of relative competitiveness between leagues and clubs, while the domestic currency trend provides the underlying trend for each country or club.

Underlying domestic broadcast revenue increased by a steady 8% in FY2016 with the new international TV rights cycle driving large overall increases of €101m/+16% and €167m/+28% in Germany and Spain respectively. Italian clubs reported a 6% increase from the start of their new TV cycle and English clubs a 4% increase from an incremental mid-cycle increase.

Revenue from UEFA increased significantly (+29% in EURO terms) in FY2016, with the full effect of the current cycle being reported by all clubs. This follows the large 20% increase in FY2015 from the first partial recognition of the upgraded TV deal in the accounts of clubs with a December year end. In total, clubs saw a €240m increase on the previous financial year. UEFA payments increased to 10% of all clubs' revenue and 16% for those participating in UEFA competitions.



European club revenues of €18.5bn are split roughly in three, with 34% domestic broadcasting, 33% sponsor and commercial and 33% from gate, UEFA and other revenues

Underlying club sponsorship revenues increased strongly by 10% in FY2016, following a 5% increase in FY2015. Once again, sponsorship growth in FY2016 was concentrated at the top, with more than 60% of increased revenues accruing to the top 12 largest revenue clubs.

Underlying commercial revenues increased by a notable 12% in FY2016, following a 9% increase in FY2015. Commercial revenue growth is again concentrated among the largest 12 'global' clubs, who were responsible for 50% of the growth.

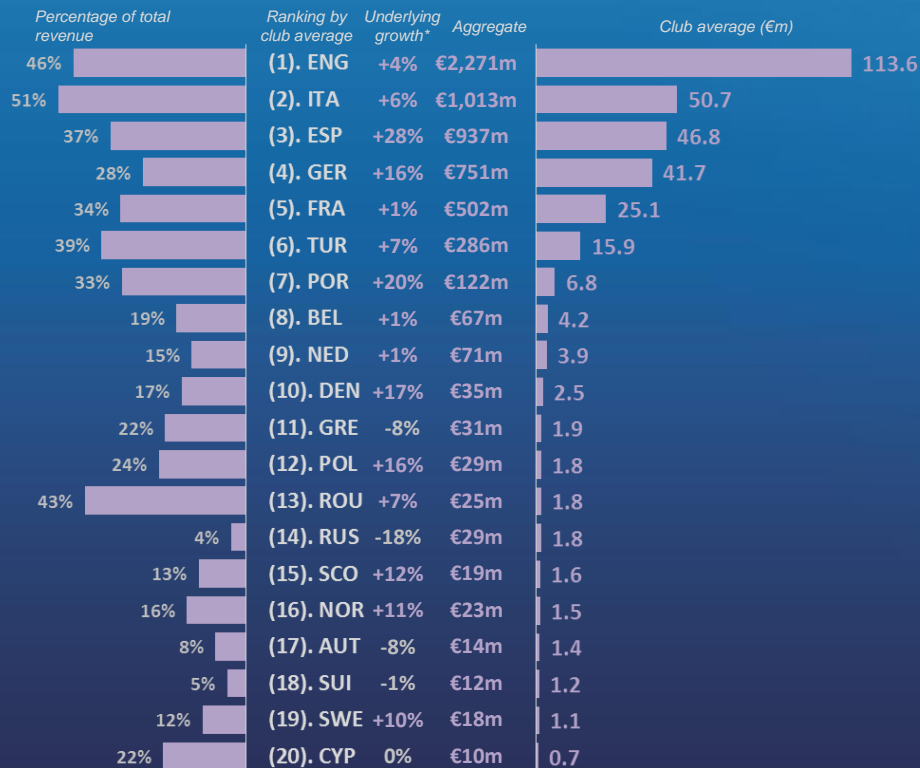
Underlying revenue from gate receipts increased by 7% in FY2016, the fastest rate for a number of years. Various stadium developments (Liverpool, Lyon, Manchester City and West Ham) combined with large capacity clubs hosting more home matches (Borussia Dortmund, FC Barcelona, FC Bayern and Manchester United FC) explain this trend.

Underlying 'other' revenues increased by 8% in FY2016, due to increases in subsidies, non-football revenues and exceptional revenues.

It should be noted that revenue does not include transfer sales, which are reflected separately in club accounts as profits on sale of assets. However, to provide some context, €4.2bn in gross sales income from transfers was reported, equivalent to 23% of total revenues. Transfer sales income has increased 48% since FY2014, and is set to continue increasing as reported earlier in the transfers section of the report, reflecting the inflationary values in the transfer market.

TV a larger part of revenue mix near top of European game

The top 20 leagues by average club broadcast revenue



The 'big six' TV markets

The first year of a new international TV rights cycle was reflected in strong TV revenue growth reported by Spanish clubs (+28%) and German clubs (+16%). The 6% growth reported by Italian clubs reflects the relatively modest increases from their new TV cycle. Likewise, the French 1% revenue growth reflects the relatively low increase in Ligue 1 international rights, which are expected to grow more significantly from 2018/19. English growth of 4% reflects the final year of their TV cycle and the incremental year-on-year increase across the cycle. Next year English clubs are expected to report a massive 33% value increase in euro terms despite a 12-13% drop in the value of the British pound.

As a percentage of overall revenue, Italian clubs remain the most reliant on broadcast revenue, which generates over half their total revenues. The new TV deal is anticipated to also take the TV share of total revenue for English clubs over the 50% mark.

Other top 20 markets

Increased TV rights from the start of a new cycle led to strong double-digit growth in Denmark, Poland, Portugal and Sweden. The Danish growth of 17% is partly due to an increase in the number of clubs from 12 to 14. The Portuguese league is the last major league where clubs sell rights individually and their 20% growth reflects notable revenue uplifts from two of the big three clubs that dominate the Portuguese club football landscape. Higher reported Scottish club TV revenues were without two of the largest clubs featuring in the top division (Rangers and Hearts) and reflect a restructured TV deal.

Outside the top 20 TV markets

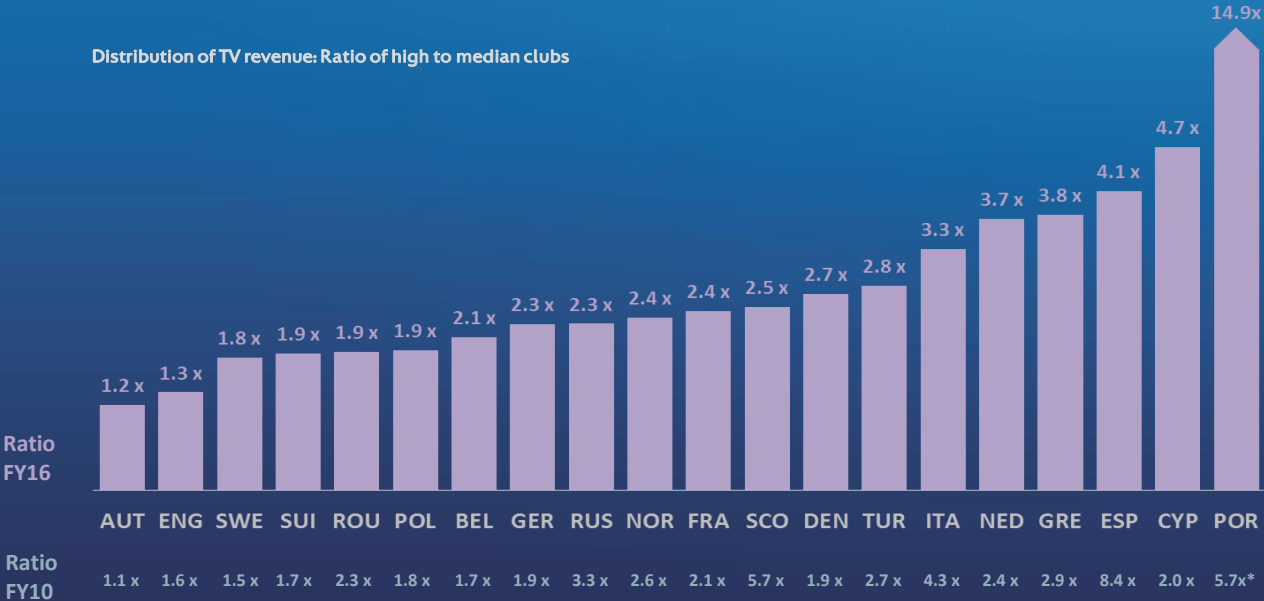
While broadcast revenues feature as the largest revenue stream for many of the larger markets, it contributes less than 10% of revenue for all European leagues outside the top 20, among which only Czech clubs (8% of total revenue), Israeli and Serbian clubs (7%), Bulgarian and Icelandic clubs (5%) derive more than 5% of their total revenue from TV.

Wide variation in distribution of TV money across leagues

The distribution models applied by leagues differ, as reflected in how the money is shared between clubs. All major leagues have part of their distributions connected to league performance but then the basis for distribution varies considerably. Portugal is now the only major league where clubs sell their rights individually and this is reflected in the huge gap between the TV rights of the top three sides and the rest. The high club to median club ratio is above 14 there, compared with an average high to median ratio of 2.3.

The Spanish (4.1x) and Italian (3.3x) TV revenue is much less evenly spread among clubs than the French (2.4x) and German (2.3x), which reflects the relatively recent move to collective selling in those countries, where the benefits of greater overall revenues from collective selling tend to be distributed across clubs but with the largest clubs more or less earning the same as before.

Distribution of TV revenue: Ratio of high to median clubs



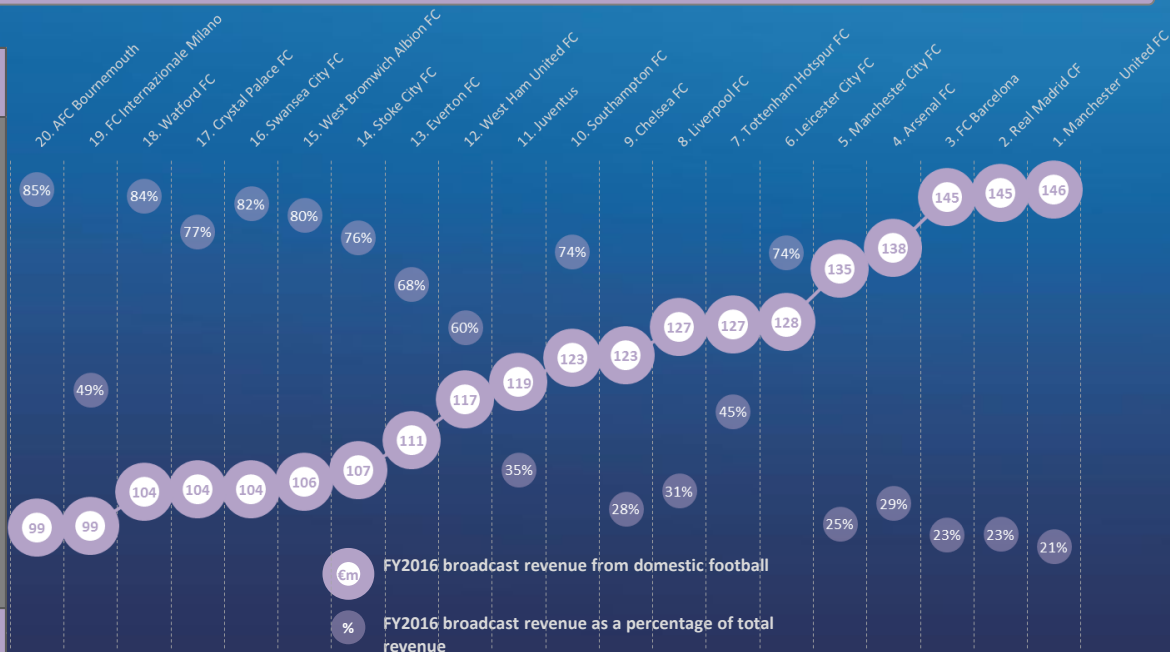
While TV money has been distributed more evenly in some leagues, notably Italy and Spain, where individual deals have been replaced by collective selling, these are outnumbered by the number of leagues where the high to median ratio has increased between FY2010 and FY2016.

* The figures for Portugal FY2010 are based on the ratio of top to 6th placed club due to lack of historic data.

Top 20 clubs by broadcast revenues

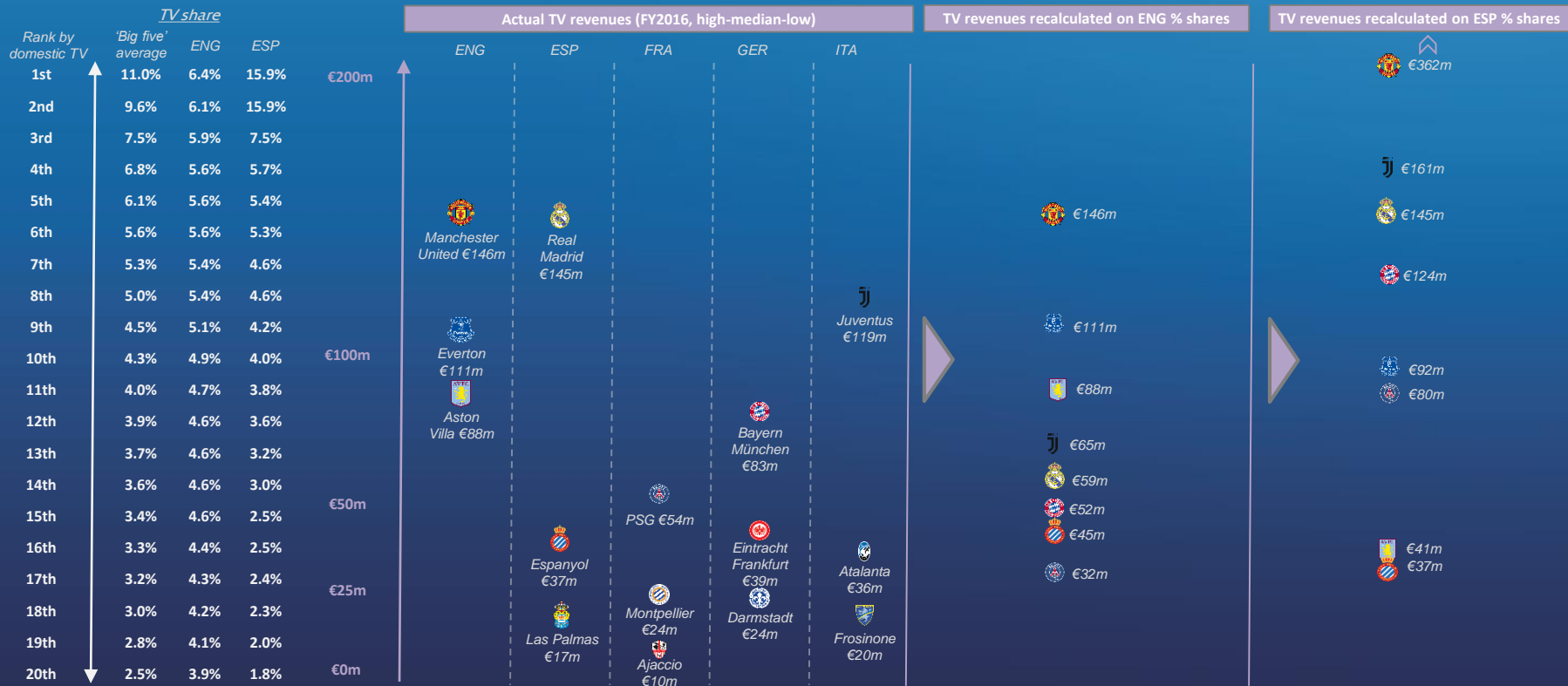
English clubs occupy 16 of the top 20 places in the broadcast revenues table. However, perhaps more surprisingly, this is the first time on record that an English club tops the list outright, with either Real Madrid CF, FC Barcelona or Juventus previously always receiving more domestic TV revenue. These three clubs remain within the top 20, with FC Internazionale Milano the final non-English club in the top 20. English Premier League distributions are part equal share and part determined by performance and how many times a team is selected for TV coverage, which leads to some year-on-year changes. Leicester FC's dramatic title win helped them increase their TV revenue by 35%. The chart highlights how dominant TV money is within the revenue mix of many Premier League clubs, representing up to 85% of total revenue in AFC Bournemouth's case. The chart and table also highlight how TV money is significant but not dominant for the wealthiest 'global' clubs, contributing less than 30% of total revenues in some cases.

Rank	Club	Country	FY16	Year-on-year growth %	% of total revenue	Multiple of the league average
1	Manchester United FC	ENG	€146m	5%	21%	1.3 x
2	Real Madrid CF	ESP	€145m	3%	23%	3.2 x
3	FC Barcelona	ESP	€145m	2%	23%	3.2 x
4	Arsenal FC	ENG	€138m	8%	29%	1.2 x
5	Manchester City FC	ENG	€135m	1%	25%	1.2 x
6	Leicester City FC	ENG	€128m	35%	74%	1.1 x
7	Tottenham Hotspur FC	ENG	€127m	7%	45%	1.1 x
8	Liverpool FC	ENG	€127m	-1%	31%	1.1 x
9	Chelsea FC	ENG	€123m	-11%	28%	1.1 x
10	Southampton FC	ENG	€123m	11%	74%	1.1 x
11	Juventus	ITA	€119m	12%	35%	2.4 x
12	West Ham United FC	ENG	€117m	14%	60%	1.0 x
13	Everton FC	ENG	€111m	4%	68%	1.0 x
14	Stoke City FC	ENG	€107m	6%	76%	0.9 x
15	West Bromwich Albion FC	ENG	€106m	5%	80%	0.9 x
16	Swansea City FC	ENG	€104m	-7%	82%	0.9 x
17	Crystal Palace FC	ENG	€104m	0%	77%	0.9 x
18	Watford FC	ENG	€104m	n/a	84%	0.9 x
19	FC Internazionale Milano	ITA	€99m	10%	49%	2.0 x
20	AFC Bournemouth	ENG	€99m	n/a	85%	0.9 x
1-20	Average		€120m	6%	54%	
1-20	Aggregate		€2,408m	5%	40%	



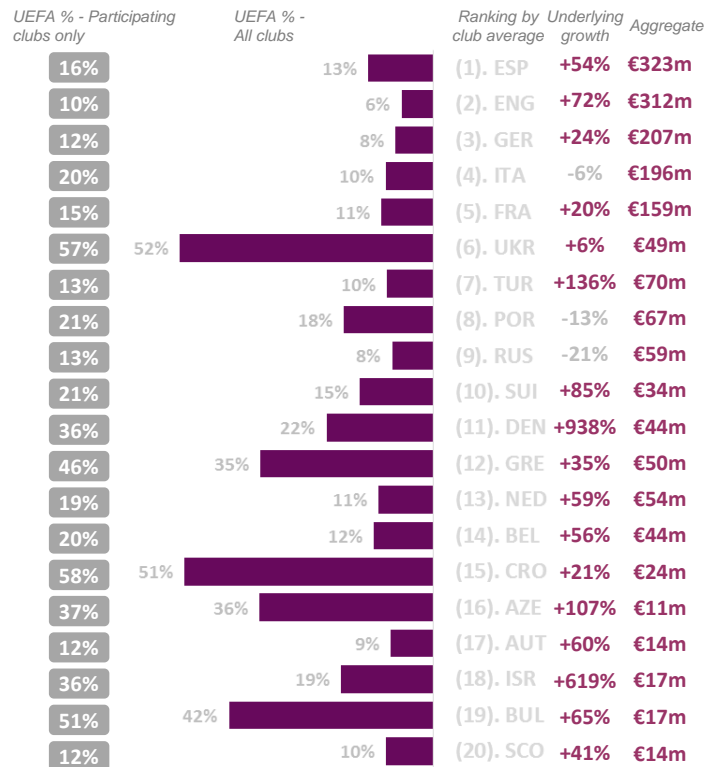
Domestic broadcast distributions recalibrated

The analysis below is a purely theoretical exercise that underlines how distribution mechanisms impact clubs in different leagues.



Large increases in revenue from UEFA club competitions

The top 20 leagues by average club revenue received from UEFA



The top 20 markets

The amount of UEFA prize money a club receives is determined in part by its sporting performance and in part by its national broadcaster's contribution to the market pool. UEFA competition rights, prize money and solidarity payments to non-competing teams operate on a three-year cycle, with FY2016 marking the start of the 2015/16-2017/18 cycle for most of the large western European clubs with summer financial year ends and the second year of the cycle for clubs with December financial year ends. UEFA distributions totalled €1,931m in clubs' FY2016 figures, an increase of €431m on the previous year, with only Italian, Portuguese and Russian clubs reporting less UEFA revenue (performance-based decreases in prize money).

Outside the top 20 markets

In the top 20 markets, the significance of the UEFA contribution ranged from 6% of total club revenue in England to more than 50% in Croatia and Ukraine. Outside the top 20 leagues, UEFA competition revenues tend to represent a greater proportion of overall revenues for clubs in less wealthy leagues. In relative terms, the qualifying round 'solidarity payments', which in the new cycle range from €200,000 for the first qualifying round of the UEFA Europa League to €400,000 for the third qualifying round in the UEFA Champions League, can form a greater proportion of smaller clubs' total revenues than the many tens of millions in Champions League group stage bonuses received by the larger clubs. This is evidenced in the FY2016 figures, with 50% of total club revenues in Albania, Andorra, Armenia, Gibraltar and Latvia from UEFA despite no club reaching the Champions League or Europa League group stages.

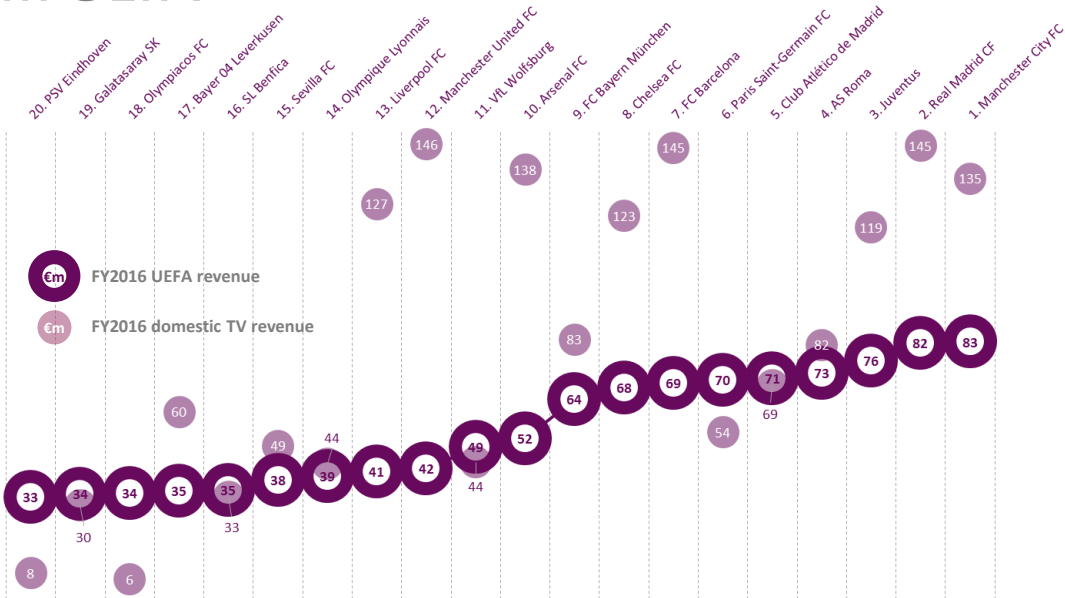
Looking forward

UEFA prize money is set to rise again considerably from the 2018/19 season on the back of a new cycle of TV rights. Both prize money for participants and solidarity payments for clubs in qualifying rounds and clubs not participating in either UEFA club competition will increase significantly.

* The club averages and 'UEFA % - All clubs' figures cover all the teams in the league rather than just the four to seven teams participating in UEFA competitions during the financial period analysed. This is consistent with the other revenue stream analyses. The share of total revenue received from UEFA by just the clubs participating in a UEFA club competition during the financial period analysed is the larger percentage figure presented on the far left of the data table. This can fluctuate depending on which type of club qualifies each season. The aggregate revenue from UEFA includes all direct revenues, including prize money, solidarity payments for clubs competing in qualifying rounds and in most cases also solidarity payments for non-participating clubs distributed through their respective leagues. Indirect revenues, i.e. sponsor and commercial partner bonuses and gate receipts, are reported elsewhere.

Top 20 clubs by revenue from UEFA

Rank	Club	Country	Revenue from UEFA FY16*	Sporting performance	Comparisons			
					% of FY16 revenue	Domestic TV revenue FY16	Ratio UEFA to domestic TV	Revenue from UEFA FY15
1	Manchester City FC	ENG	€83m	UCL SF	15%	€135m	0.6x	€43m
2	Real Madrid CF	ESP	€82m	UCL F	13%	€145m	0.6x	€54m
3	Juventus	ITA	€76m	UCL R16	22%	€119m	0.6x	€92m
4	AS Roma	ITA	€73m	UCL R16	33%	€82m	0.9x	€43m
5	Club Atlético de Madrid	ESP	€71m	UCL F	31%	€69m	1.0x	€44m
6	Paris Saint-Germain FC	FRA	€70m	UCL QF	13%	€54m	1.3x	€54m
7	FC Barcelona	ESP	€69m	UCL QF	11%	€145m	0.5x	€59m
8	Chelsea FC	ENG	€68m	UCL R16	15%	€123m	0.6x	€39m
9	FC Bayern München	GER	€64m	UCL SF	11%	€83m	0.8x	€48m
10	Arsenal FC	ENG	€52m	UCL R16	11%	€138m	0.4x	€35m
11	VfL Wolfsburg	GER	€49m	UCL QF	21%	€44m	1.1x	€9m
12	Manchester United FC	ENG	€42m	UCL GS/ UEL R16	6%	€146m	0.3x	€4m
13	Liverpool FC	ENG	€41m	UEL F	10%	€127m	0.3x	€32m
14	Olympique Lyonnais	FRA	€39m	UCL GS	25%	€44m	0.9x	€2m
15	Sevilla FC	ESP	€38m	UCL GS/ UEL F	31%	€49m	0.8x	€23m
16	SL Benfica	POR	€35m	UCL QF	28%	€33m	1.1x	€15m
17	Bayer 04 Leverkusen	GER	€35m	UEL R16/ UCL GS	18%	€60m	0.6x	€33m
18	Olympiacos FC	GRE	€34m	UCL GS/ UEL R32	56%	€6m	5.3x	€27m
19	Galatasaray SK	TUR	€34m	UCL GS/ UEL R32	21%	€30m	1.1x	€18m
20	PSV Eindhoven	NED	€33m	UCL R16	34%	€8m	3.9x	€4m
1-20	Average		€54m			€82m		€34m
1-20	Aggregate		€1,087m		16%	€1,640m	0.7x	€678m



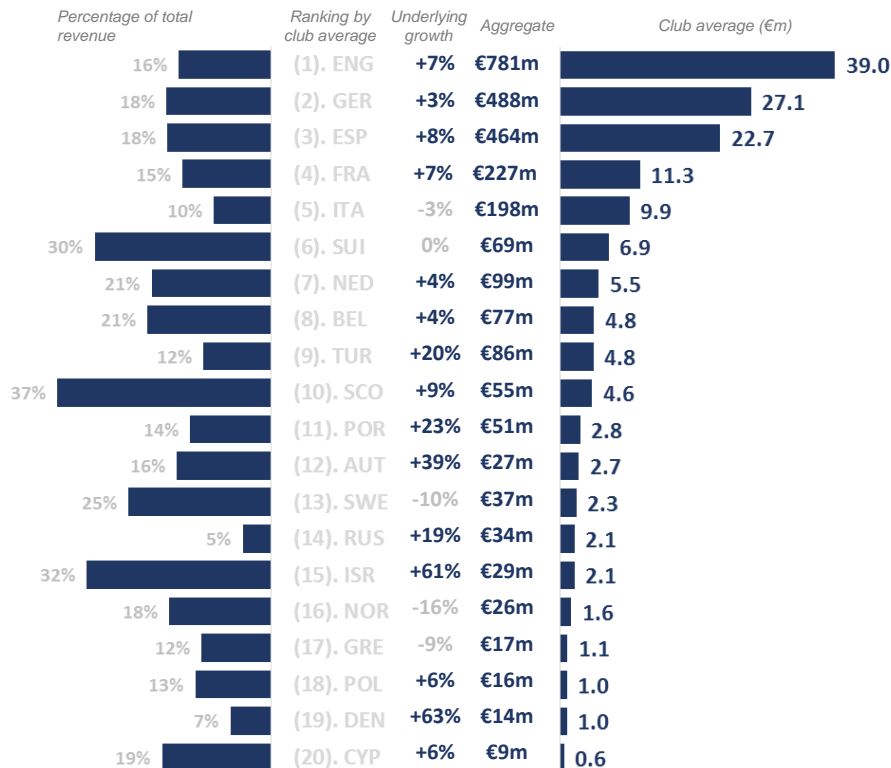
2015/16 UEFA Champions League semi-finalists Manchester City FC tops the UEFA revenue listings for FY2016, benefiting from a larger market pool distribution than the two Spanish club finalists. Not surprisingly, the top 10 clubs by UEFA revenue all reached the 2015/16 Champions League knockout stage. Perhaps more interesting is that, for the first time, both 2015/16 UEFA Europa league finalists also feature in the top 20 clubs by UEFA revenue, benefiting from the significant increase in Europa League prize money. The €41m received by Liverpool FC for featuring solely in the Europa League is only €1m less than Manchester United FC, who started in the Champions League group stage before dropping down into the Europa League. This underlines how qualifying for the Europa League is of significant commercial interest for clubs.

TV revenue from domestic football has again been included in the chart to illustrate the relative importance of TV revenue from UEFA and domestic competitions for each club. Most clubs in the top 20 received more revenue from domestic TV than UEFA although both Paris Saint-Germain FC and Club Atlético de Madrid received more from UEFA than from Ligue 1 and La Liga respectively. The gap between UEFA and domestic TV revenue also stands out for PSV Eindhoven and Olympiacos. Across this top 20, UEFA revenue represents 16% of total revenue, a small increase on the previous year's average of 15%, ranging from 6% for Manchester United to 56% for Olympiacos.

* The timing of payments and accounting recognition policies means that the prize money published by UEFA for 2015/16 will not exactly match the value reported in the clubs' financial statements. For clubs with a summer financial year end the amounts are usually close, with just the final market pool uplift typically recorded the following year, while for clubs with a December year end (typically 10 to 12 clubs in the UEFA Champions League group stage and 14 to 16 in the UEFA Europa League group stage) the reported prize money is a combination of the 2015/16 and 2016/17 seasons.

Gate receipt levels and trends

The top 20 leagues by average club gate receipts



The top 20 markets

English Premier League clubs generated €781m in gate receipts in FY2016, with growth of 7% driven by double-digit growth by both Manchester clubs, Liverpool FC and West Ham United FC. On average, Premier League clubs generated almost four times the average Serie A club gate receipts. Gate receipts contributed the highest proportion of total revenue once again in Scotland (37%) and Switzerland (30%), who are joined by Israel (32%), where UEFA Champions League group stage matches for Maccabi Tel Aviv FC and a new stadium at Maccabi Haifa generated very high year-on-year growth. At the other end of the scale, gate receipts generated just 5% of revenue for Russian clubs.

Outside the top 20 markets

Gate receipts generate less than 10% of total revenues across many leagues outside the top 20 markets. However, they are a significant part of the revenue mix in certain northern European countries, such as the Faroe Islands (16%), Finland (20%), Northern Ireland (22%) and the Republic of Ireland (21%).

Looking forward

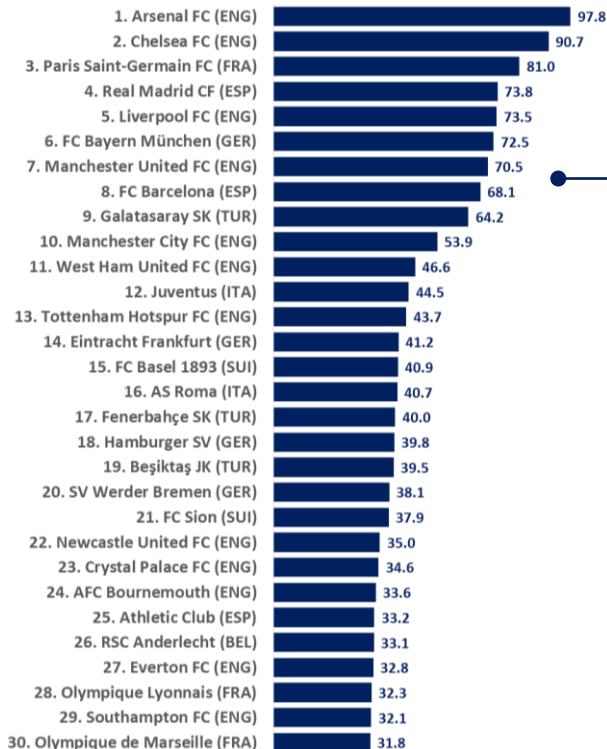
While club revenues from sponsorship, commercial rights and both UEFA and domestic TV rights have carried on climbing despite the challenging European economic climate, gate receipts paint a different picture. Gate receipts have decreased as a percentage of the overall revenue mix in all the top 20 markets since 2010, with the exception of Sweden and Israel.

With austerity pressure continuing at local and national government levels across Europe, the majority of clubs are not in a position to build on their hospitality facilities, which have driven a lot of the gate receipt growth of the largest clubs and which contribute to the notable 7% year-on-year European club gate receipt growth.

With total 2016/17 attendance 1% lower than in 2015/16 and only five clubs increasing their home league attendances by 100,000+, we would anticipate low revenue growth next year.

Average yield per spectator

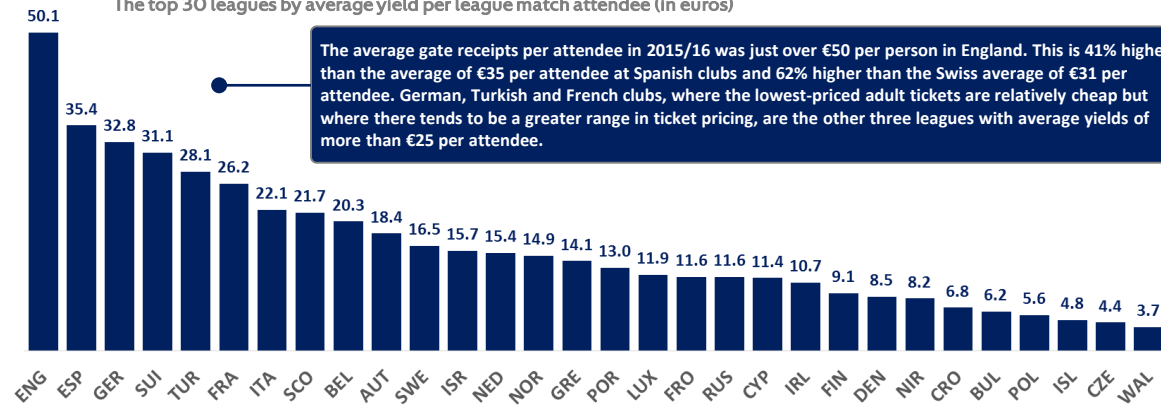
The top 30 clubs by average yield per league match attendee (in euros)



The average yield provides a benchmark for the price of attending football matches.* It reflects all types of gate receipts including season tickets, matchday tickets, membership fees (where tickets are part of that membership), premium ticketing and hospitality (matchday usage).

The average yield underlines the positive impact stadium development can have on increasing the revenues of a club and on diversifying their revenue streams. The average yield (in euros per attendee) reflects the blend of normal and premium pricing. New stadiums can drive high yields as evidenced by a number of the top twelve clubs by yield (Arsenal FC, FC Bayern München, Galatasaray SK, Manchester City FC, West Ham United FC and Juventus), who have moved to new, modern stadiums in recent years. Other clubs near the top of the list have benefitted from major stadium upgrades (Liverpool FC) or regular upgrading of facilities (Real Madrid CF) that have lifted numbers and yield from premium ticketing.

The top 30 leagues by average yield per league match attendee (in euros)

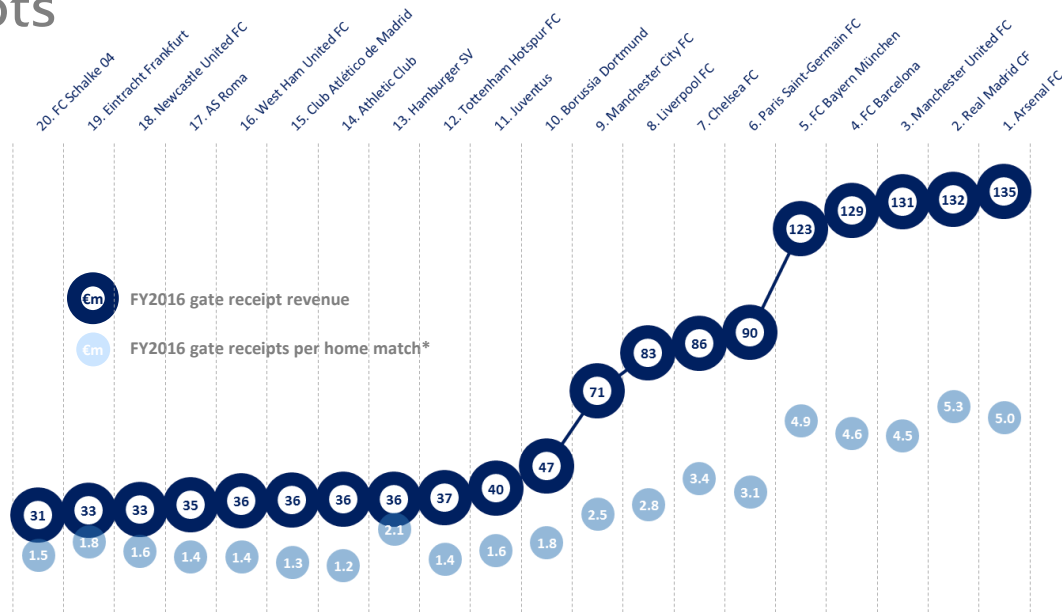


The average gate receipts per attendee in 2015/16 was just over €50 per person in England. This is 41% higher than the average of €35 per attendee at Spanish clubs and 62% higher than the Swiss average of €31 per attendee. German, Turkish and French clubs, where the lowest-priced adult tickets are relatively cheap but where there tends to be a greater range in ticket pricing, are the other three leagues with average yields of more than €25 per attendee.

* The average yield is calculated by dividing the gate receipt revenues by the number of attendees at league and UEFA competition matches. The actual 'true' yield covering all competitions and friendly matches can be expected to be slightly lower. For consistency reasons no adjustment is made for cup match or friendly match attendances, as an exact calculation of yield taking into account cup attendances or excluding domestic cup ticketing is not possible. While UEFA now requires and receives a split of ticketing income by domestic and UEFA competitions, a split or allocation by cup matches is not readily available. Detailed attendances are also not always available for all cup competitions across Europe. For the purposes of this analysis it is assumed that all match receipts go to the home club and are not shared between the home and away clubs and/or subject to levies.

Top 20 clubs by gate receipts

Rank	Club	Country	FY16	Year-on-year growth %	% of total revenue	Multiple of the league average	Estimated receipts per match
1	Arsenal FC	ENG	€135m	3%	28%	3.4 x	€5.0m
2	Real Madrid CF	ESP	€132m	1%	21%	5.8 x	€5.3m
3	Manchester United FC	ENG	€131m	23%	19%	3.4 x	€4.5m
4	FC Barcelona	ESP	€129m	7%	21%	5.7 x	€4.6m
5	FC Bayern München	GER	€123m	12%	21%	4.5 x	€4.9m
6	Paris Saint-Germain FC	FRA	€90m	19%	17%	7.9 x	€3.1m
7	Chelsea FC	ENG	€86m	1%	20%	2.2 x	€3.4m
8	Liverpool FC	ENG	€83m	10%	20%	2.1 x	€2.8m
9	Manchester City FC	ENG	€71m	25%	13%	1.8 x	€2.5m
10	Borussia Dortmund	GER	€47m	17%	16%	1.7 x	€1.8m
11	Juventus	ITA	€40m	-17%	12%	4.0 x	€1.6m
12	Tottenham Hotspur FC	ENG	€37m	0%	13%	0.9 x	€1.4m
13	Hamburger SV	GER	€36m	-11%	26%	1.3 x	€2.1m
14	Athletic Club	ESP	€36m	24%	31%	1.6 x	€1.2m
15	Club Atlético de Madrid	ESP	€36m	-5%	16%	1.6 x	€1.3m
16	West Ham United FC	ENG	€36m	37%	18%	0.9 x	€1.4m
17	AS Roma	ITA	€35m	0%	16%	3.5 x	€1.4m
18	Newcastle United FC	ENG	€33m	-3%	20%	0.8 x	€1.6m
19	Eintracht Frankfurt	GER	€33m	2%	34%	1.2 x	€1.8m
20	FC Schalke 04	GER	€31m	-7%	14%	1.1 x	€1.5m
1-20	Average		€69m	7%	20%	2.8 x	€2.7m
1-20	Aggregate		€1,378m	7%	19%		€2.7m



The top 20 comprises eight English clubs, five German clubs, four Spanish clubs, two Italian clubs and one French club. Together, these 20 clubs generated €1,378m in gate receipts in FY2016, or 49% of all European top-division gate receipts.

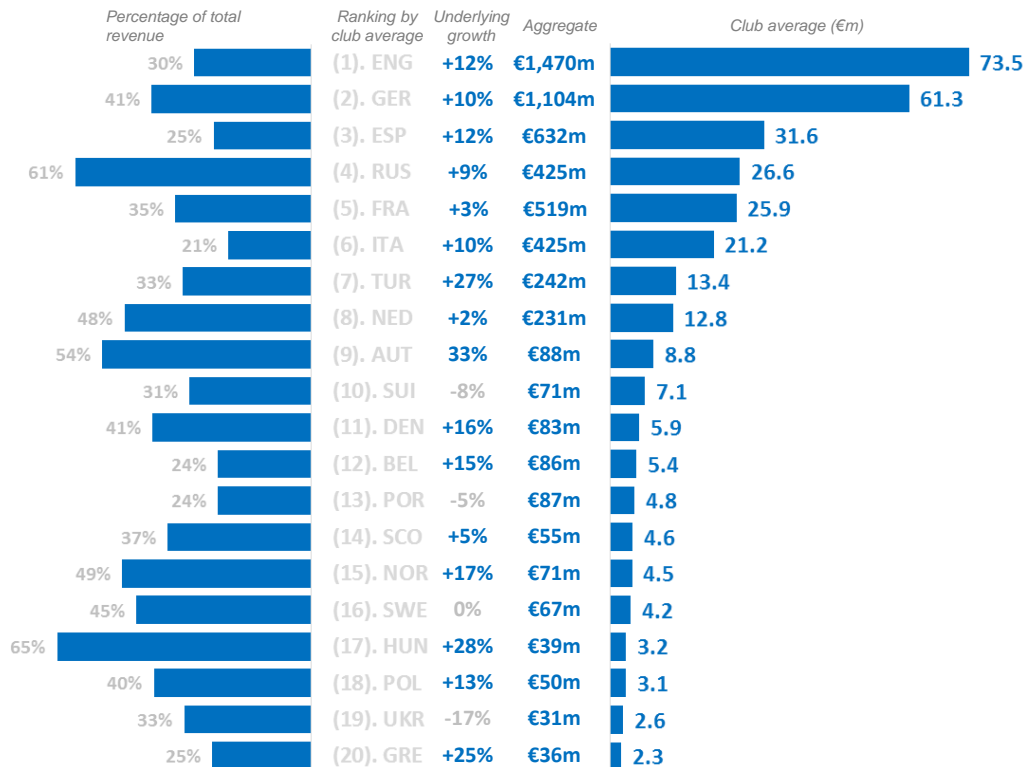
Five clubs, all with 60,000+ stadium capacities, again generated more than €100m from gate receipts in FY2016, at an average of between €4.5m and €5.3m per home match.* Clubs' abilities to generate revenue from gate receipts differ noticeably, with the fourth highest-earner (FC Barcelona) generating three times as much as the club in 11th place (Juventus). Most of the clubs in the top 20 operate at or near to full capacity and this limits their potential for year-on-year growth to price increases. Gate receipts represented 19% of the total revenue of these top 20 clubs, on average, and made the highest contribution at Eintracht Frankfurt (34%) and Athletic Club (31%).

Stadium development projects (new builds and upgrades) at Club Atlético de Madrid, Beşiktaş JK, FC Dinamo Moskva, Chelsea FC, Liverpool FC, FC Zenit and Tottenham Hotspur FC should lead to additional revenue growth, some movement in the rankings and a potential narrowing of the gap beneath the top five in the years to come.

* Gate receipts per match are calculated by dividing the total gate receipt revenue by the number of official competitive domestic league and cup matches and UEFA matches hosted during the financial year. This may in some cases lead to a slight overestimate of revenue per match if clubs also generated gate receipts from non-official friendly matches.

Sponsorship and commercial revenue levels and trends

The top 20 leagues by average club sponsorship revenue



Discussions on financial polarisation tends to focus on distribution of TV revenues or UEFA prize money but as outlined in the sponsor section of the report, clubs differing ability to generate sponsorship and expand commercial partnerships is equally significant. For this reason some extra analyses are presented this year beyond the top20 leagues on this page. Sponsor revenues are further divided into categories to analyse the source of FY2016 revenues, then the difference in sponsorship and commercial revenues between the top 3 and median club in each league is presented and finally the distribution of revenue growth between 2010 and 2016 is analysed between clubs from large to small and then by four club groups.

The top 20 markets

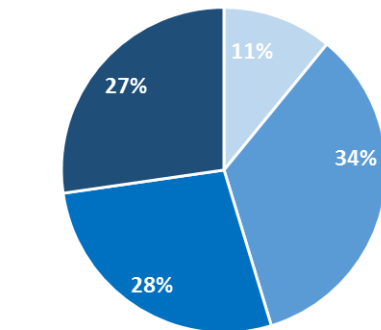
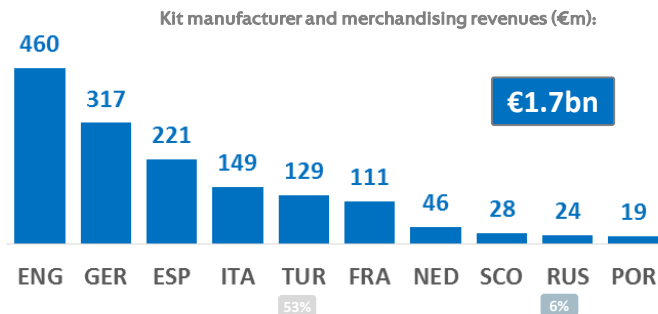
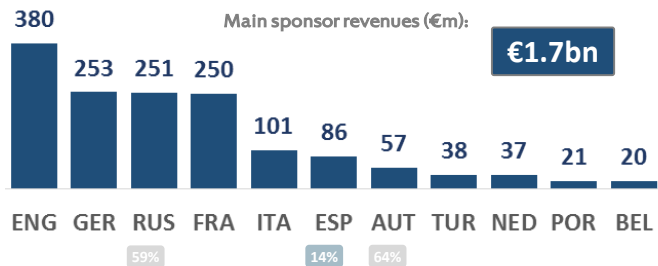
Sponsorship and commercial revenues, which have now reached €6.1bn, continue to grow at the top. The top three leagues reported double-digit growth of between 10 and 12%, although as already indicated in the sponsors section of this report, the value and growth rates differ considerably within each league as commercial and sponsor deals are sold individually by clubs. The distance between the English and German club averages (€73m and €61m per club respectively) and those of clubs from other major leagues is significant. Indeed, English and German clubs are responsible for 43% of all European top-division clubs' sponsorship and commercial revenue.

Outside the top 20 markets

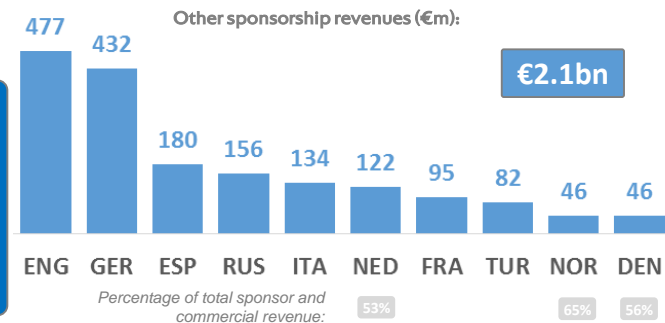
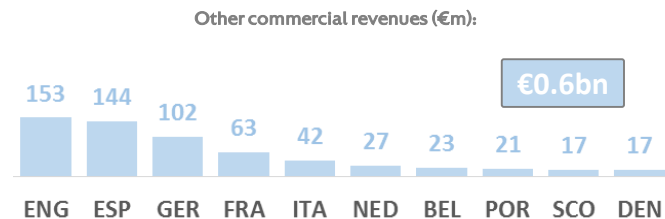
Outside the top 20 leagues success is mixed, with commercial revenues increasing in two out of three leagues. There is some evidence of continued difficult conditions in eastern Europe, with Armenia, Azerbaijan, Belarus and Moldova all reporting double-digit decreases in commercial and sponsorship revenues. This finding should be balanced with the observation that the line between sponsorship and donations can be more blurred for the many clubs which are still reliant on benefactor funding. Nonetheless, the decreasing revenues are a cause of some concern.

Sponsor and commercial revenue mix

UEFA club licensing and FFP continues to increase the quality of financial disclosure across Europe. For the first time, enough clubs* have provided detailed data on their sponsor and commercial revenues, to enable a reliable breakdown to be analysed. The main club sponsor, usually also the shirt sponsor, provided 27% of all the €6.1bn sponsor and commercial revenues. The kit manufacturing deals and merchandising revenues combined also provided 27%, with other sponsorship arrangements contributing 34% and other commercial revenues the final 11%.



The top 10 leagues by sponsor type reveal differences in the mix of sponsor and commercial revenue between leagues. The large domestic fan bases of Turkish clubs mean more than half of all their sponsor and commercial revenue comes from their merchandising and kit deals. By contrast the majority of Austrian and Russian club sponsor revenues come from the main club sponsor while Danish, Dutch and Norwegian clubs derive the majority from their diversified non-main sponsor partnerships.



* The breakdown of sponsor and commercial revenues into further more detailed categories is not required under international or most domestic financial reporting. However the online UEFA financial reporting system allow clubs to provide additional detail by splitting the audited total sponsor and commercial revenues disclosure. More than 90% of clubs by sponsor and commercial revenue value provided a breakdown of main sponsor revenue and more than 80% provided details on kit manufacturing, merchandising and other sponsor and commercial revenues. The league totals and Europe-wide breakdown have been calculated using algorithms based on extrapolations adjusted for country and club type.

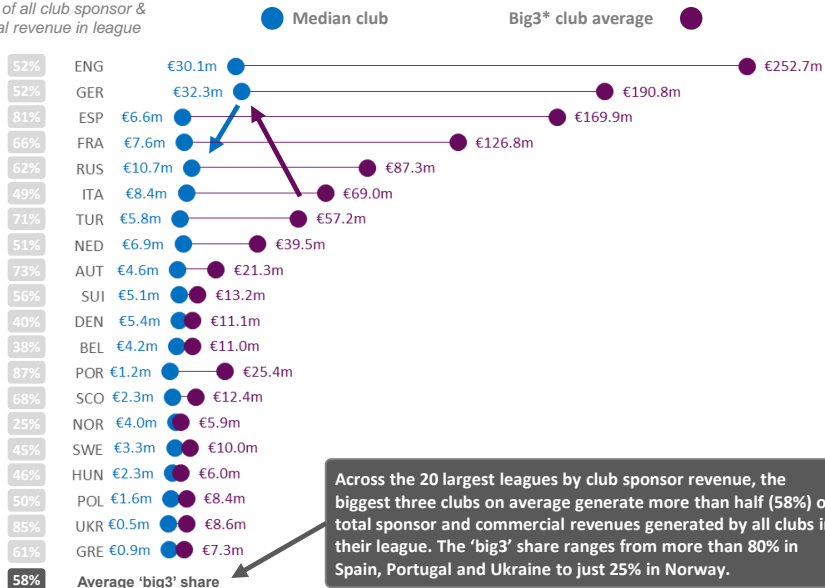
Big clubs generate high proportion of sponsor & commercial revenue

Revenue generated by sponsorship & commercial by club type:

The left hand chart highlights the massive difference in ability of 'typical' (median) English and German clubs to generate their own sponsorship and commercial revenues compared to the other major leagues. While the 'typical' German and English club generated €32m and €30m respectively, the 'typical' Spanish, French, Italian and Dutch club generated between €6m and €8m.

It also highlights the competitiveness of the 'big3' clubs from a number of leagues outside the 'big5' leagues in generating significantly more revenue than the median French, Italian and Spanish clubs. This is in stark contrast to their ability to benefit from TV distributions.

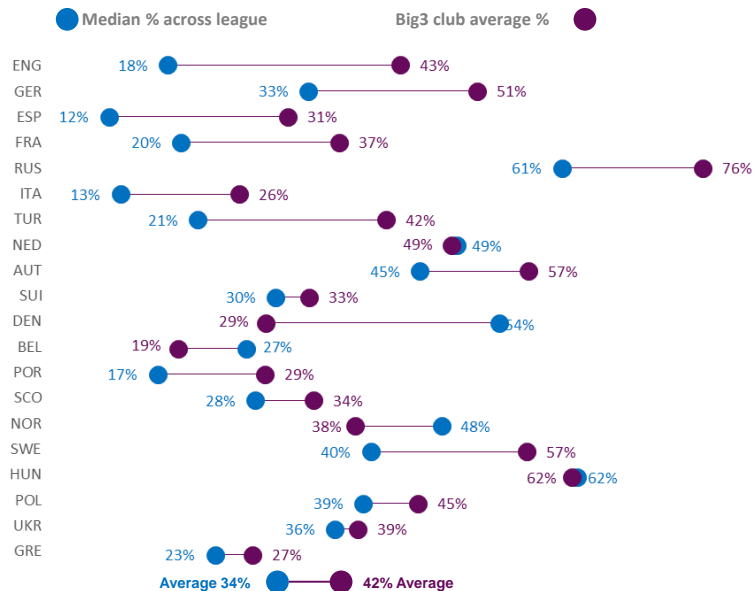
Big3 share of all club sponsor & commercial revenue in league



Across the 20 largest leagues by club sponsor revenue, the biggest three clubs on average generate more than half (58%) of total sponsor and commercial revenues generated by all clubs in their league. The 'big3' share ranges from more than 80% in Spain, Portugal and Ukraine to just 25% in Norway.

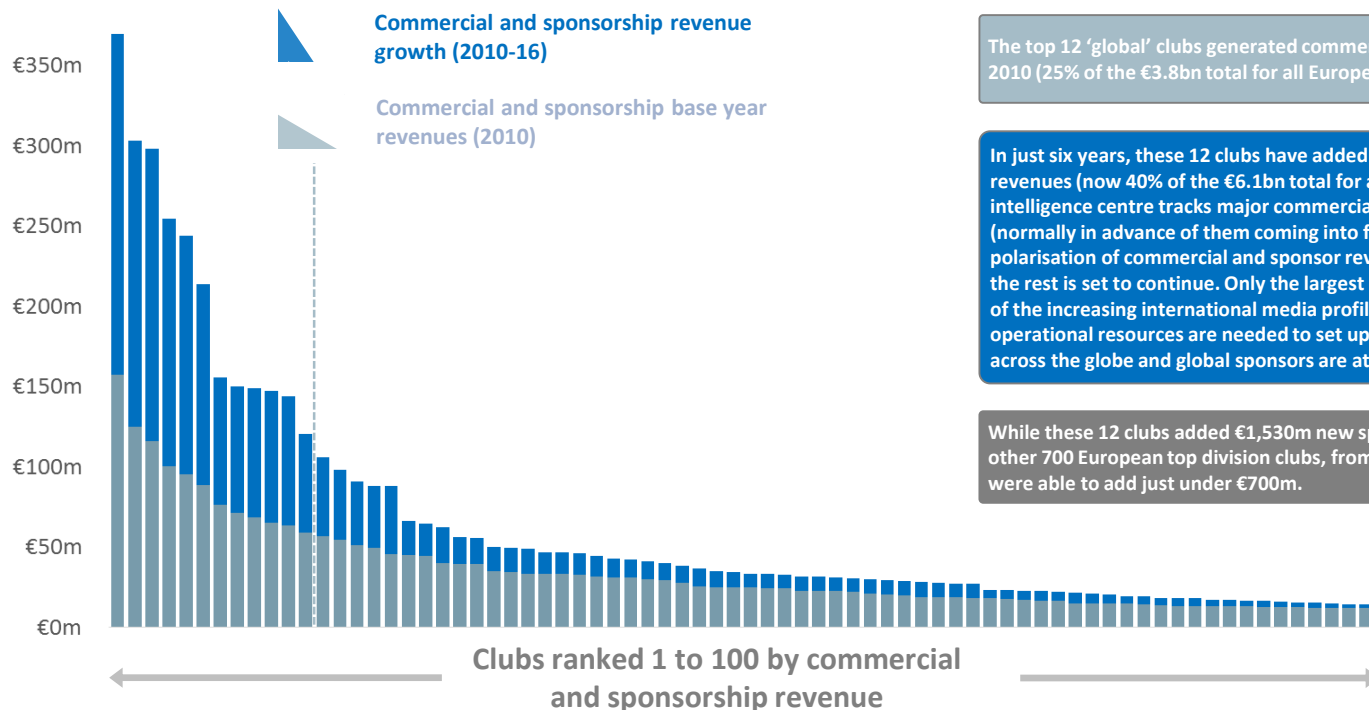
Percentage of total revenue generated by sponsorship & commercial:

Across the majority of leagues, sponsorship and commercial revenue form a larger percentage of the revenue mix for the 'big3' clubs than for the 'typical' (median) club. This is particularly pronounced for the biggest TV market leagues at the top of the chart where sponsor revenues only match TV distributions for the very biggest clubs.



* For this analysis on sponsorship concentration and contribution between club types, the 'Big 3' clubs according to total revenue are compared to the median club according to sponsorship and commercial revenue. The median club in each league is also referred to as the 'typical' club.

Polarisation at the top driven by commercial and sponsorship growth



The top 12 'global' clubs generated commercial and sponsorship revenue of €940m in 2010 (25% of the €3.8bn total for all European top-division clubs).

In just six years, these 12 clubs have added €1,530m in commercial and sponsorship revenues (now 40% of the €6.1bn total for all European top-division clubs). The UEFA intelligence centre tracks major commercial contracts as they are announced (normally in advance of them coming into force). Our analysis suggests that the polarisation of commercial and sponsor revenues between the top tier of clubs and the rest is set to continue. Only the largest clubs have the scope to take full advantage of the increasing international media profiles of the top leagues. Significant operational resources are needed to set up and service commercial partnerships across the globe and global sponsors are attracted only to the top football 'brands'.

While these 12 clubs added €1,530m new sponsorship and commercial revenue, the other 700 European top division clubs, from large, medium and small revenue leagues, were able to add just under €700m.

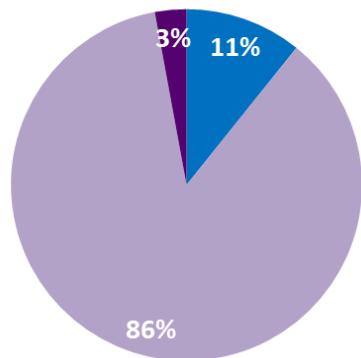
Significantly different sources of revenue growth between groups

This page summarises the sources of medium-term revenue growth for four different categories of European top-division club, continuing the analysis of the previous page. It clearly illustrates the combined effects of the three main revenue trends of recent years, namely:

- (1) the significant difference in TV revenue growth between the larger and medium/small 'markets' widening the gaps between leagues;
- (2) the explosion in commercial and sponsorship revenues among a small number of clubs able to monetise globalisation and technology trends;
- (3) the doubling of revenue from UEFA club competitions, with group stage prize money, qualifying round payments and solidarity for non-participating clubs all increasing at a similar rate, but being felt more by clubs in medium/small 'markets'.

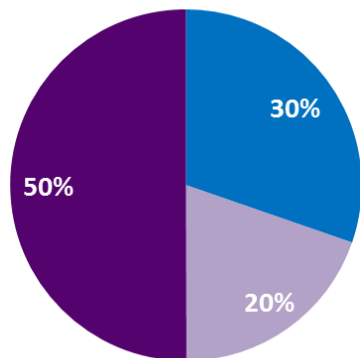
Source of medium-term revenue growth by category of club (2010 to 2016)

Non-top 30 clubs of "Big 6" TV market leagues



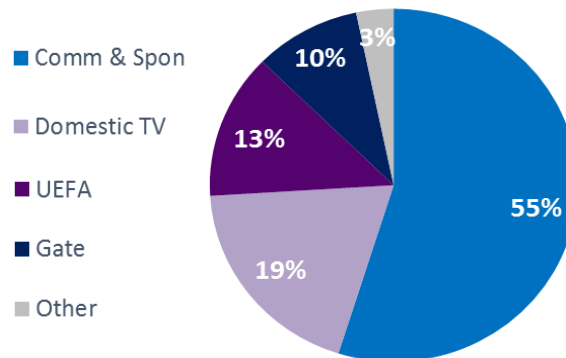
For the smaller clubs in the big TV markets (ENG, ITA, FRA, ESP, GER and TUR), who rarely participate in UEFA competitions and are not global brands, virtually all medium-term revenue growth (86%) has come from uplifted domestic football TV deals.

All clubs from Non-"Big 6" TV market leagues



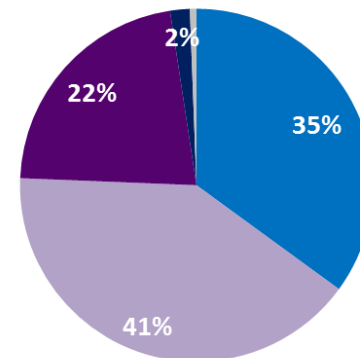
By contrast, half of all medium-term revenue growth for clubs outside the big six TV markets has come from the increased UEFA club competition distributions, whether prize money (group stage participation) or solidarity payments. Domestic TV revenue growth has contributed 20% and sponsorship 30% of their overall revenue growth.

Top 12



The third group of clubs, the top 12 clubs identified earlier in the section, have also benefited significantly from the uplifted domestic and UEFA TV deals. Nonetheless, such has been their ability to increasingly leverage their international profile as global brands that more than half (55%) of their medium-term revenue growth has come directly from increased club sponsorship and commercial partnerships. They are also the only group in which gate receipts have contributed any sort of meaningful revenue growth (10%) through ticket price, capacity and hospitality increases.

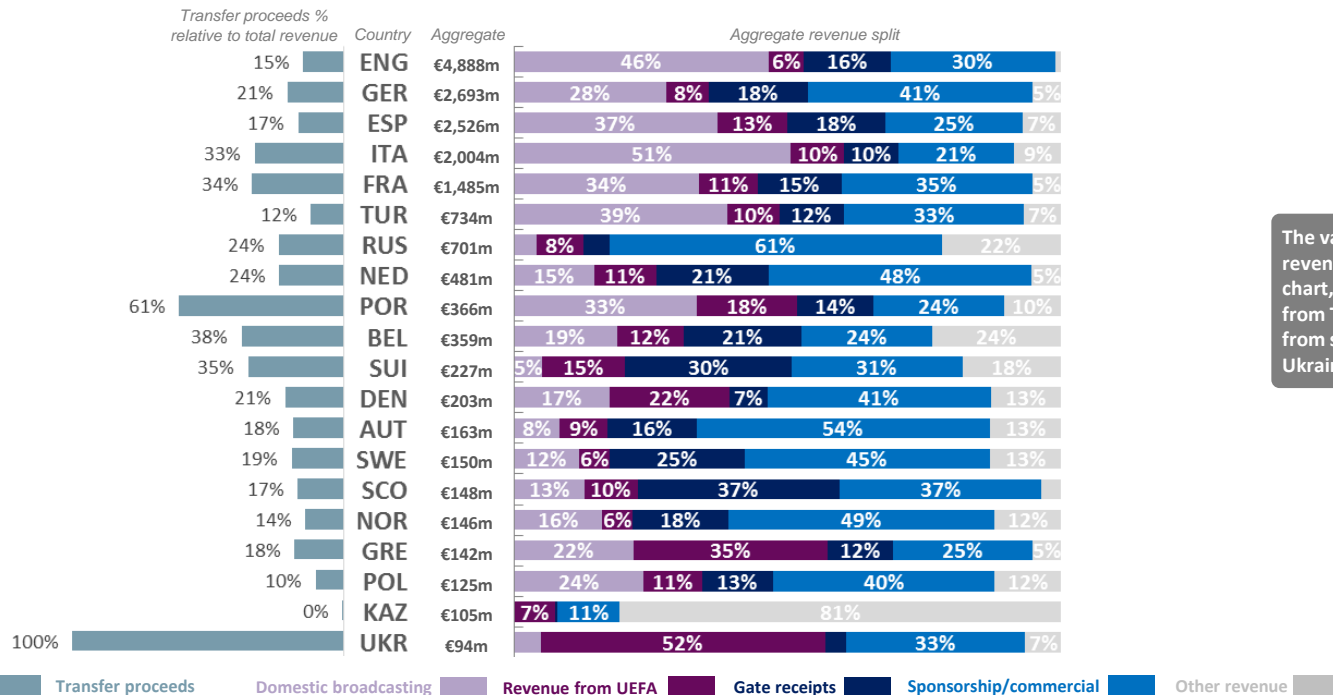
Rest of top 30



The final group of clubs are the remaining 'top 30' clubs, a mix of medium/large clubs from large markets and the largest clubs from medium markets. Their medium-term revenue growth story is a mixture of the other three groups, with domestic TV, sponsorship and UEFA all contributing but none dominating the mix.

Revenue mix in the top 20 leagues

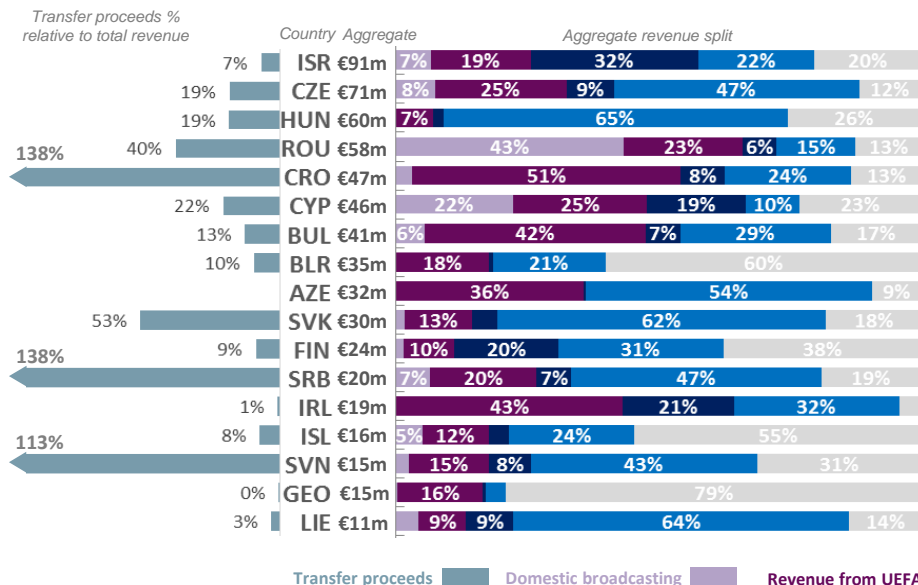
The share of total revenue from each revenue stream is indicated in the charts below for completeness. This is effectively a summary of the previous top 20 lists. For example, 46% of the English Premier League's €4,888m came from broadcasting of domestic league and cup matches. Transfer proceeds have been added to the left of each league to offer some additional context but are not reported within revenues. For example, the English Premier League clubs' €721m transfer proceeds in FY2016 are not included but equate to 15% of total revenue.



The variation in the relative importance of different revenue streams can best be seen side by side on one chart, with the majority of revenue in Italy coming from TV, the majority in Russia and Austria coming from sponsorship and commercial and the majority in Ukraine coming from UEFA distributions.

Revenue mix outside the top 20 leagues

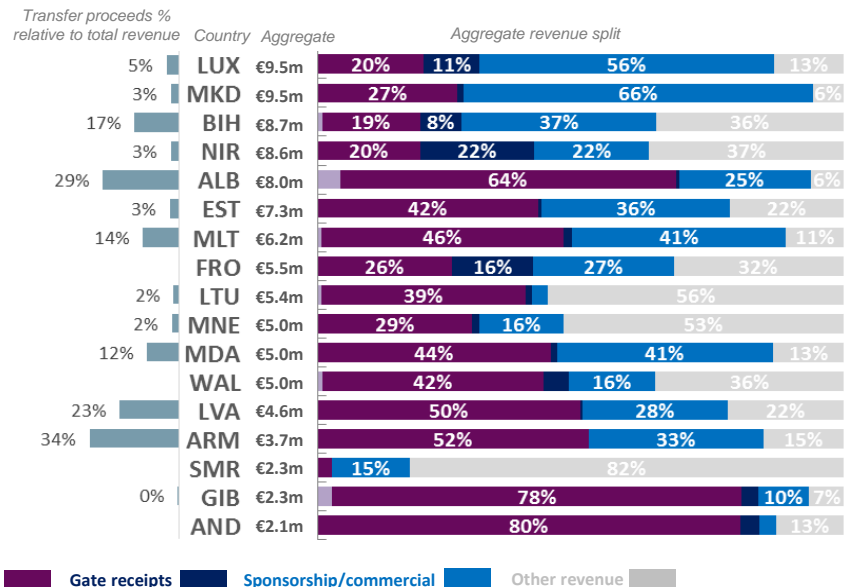
Revenue streams and transfer proceeds of the 17 leagues with total club revenues between €10m and €90m



By contrast with most of the top 20 leagues, revenue from TV deals is limited for the middle-income leagues and almost completely irrelevant for the lowest earners. Only clubs in Romania and Cyprus get more than 10% of their revenues from domestic competition TV revenue.

Transfer proceeds relative to revenue were again the highest in Europe for Croatian clubs and Serbian clubs (138%). However, for many middle-income and lower-earning leagues, transfer proceeds are minimal.

Revenue streams and transfer proceeds of the 17 leagues with total club revenues of below €10m



Revenue from UEFA club competitions, on the other hand, is highly significant for clubs in most middle-income and lower-earning leagues. For 44 clubs playing in the qualifying rounds of the UEFA Champions League and UEFA Europa League, UEFA payments contributed more than all revenue sources put together.

'Other' revenues include numerous items but donations and grants are the most common. The relatively high share of revenue coming from this stream underlines the precarious nature of club finances among many middle-income and lower-earning leagues.



CHAPTER

7

Wage and squad costs

Wage and squad cost highlights

Wage growth has increased to 8.6% but remains below the 9.5% club revenue growth

For the first time on record, the average wage bill of English Premier League clubs was more than double that of the next highest-paying league (Bundesliga)

The player share of total club wages averages 71%, ranging from 55% in Denmark to 84% in Spain and Turkey

Wage to revenue ratio decreasing

Evolution in total revenue and wages
(percentage growth per year)



Percentage of club revenue spent on wages



After two years (FY2013 and FY2014) in which revenue growth outpaced wage growth, the last edition of this report (FY2015) documented a return to faster wage growth. This trend has again been reversed in FY2016, with revenue growth of 9.5% outpacing wage growth of 8.6%.

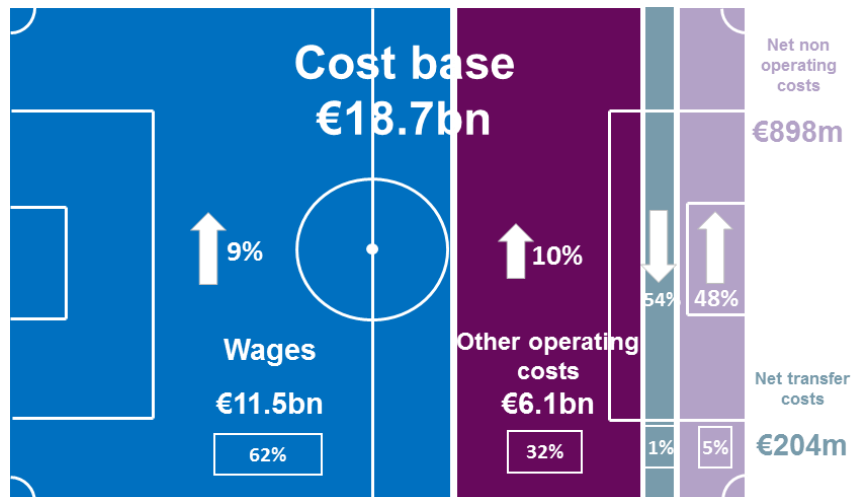
The wage to revenue ratio, widely recognised as one of the key financial indicators for football clubs, decreased from 63% in FY2015 to 62.5% in FY2016.* The current rate is the second lowest on record and has contributed to the record operating profits reported by clubs in FY2016.

The remainder of this section sets out the sources and key drivers of this wage growth.

* 'Widely recognised' within the business review section of the annual reports of all major football clubs and as a key ratio in all benchmarking studies.

Club costs and medium-term wage growth

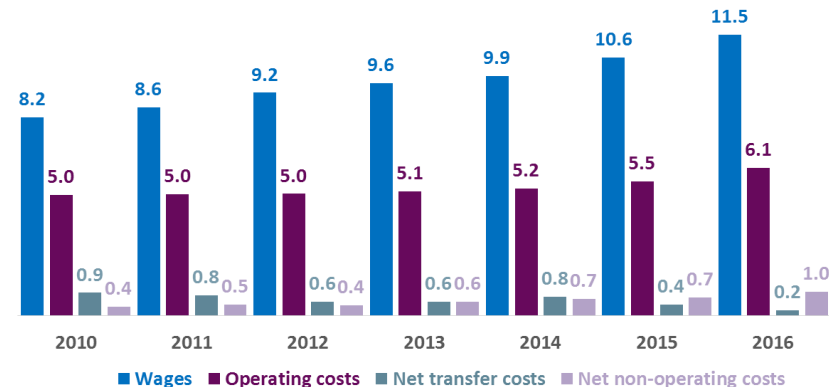
Breakdown of European club costs



Wages* represent 62% of the net costs of European clubs, with other operating costs representing another 32%. With gains netted against losses, at European level non-operating costs (one-off non-operating items, finance, tax and divestment) represent 3.5% and net transfer costs just 2.6%.

While non-operating and net transfer costs made up just 6% of European clubs' total cost base in FY2016, there are cases where they have a significant impact on individual club results.

Medium-term evolution in wages, operating costs, net transfer costs and net non-operating costs (€billion)

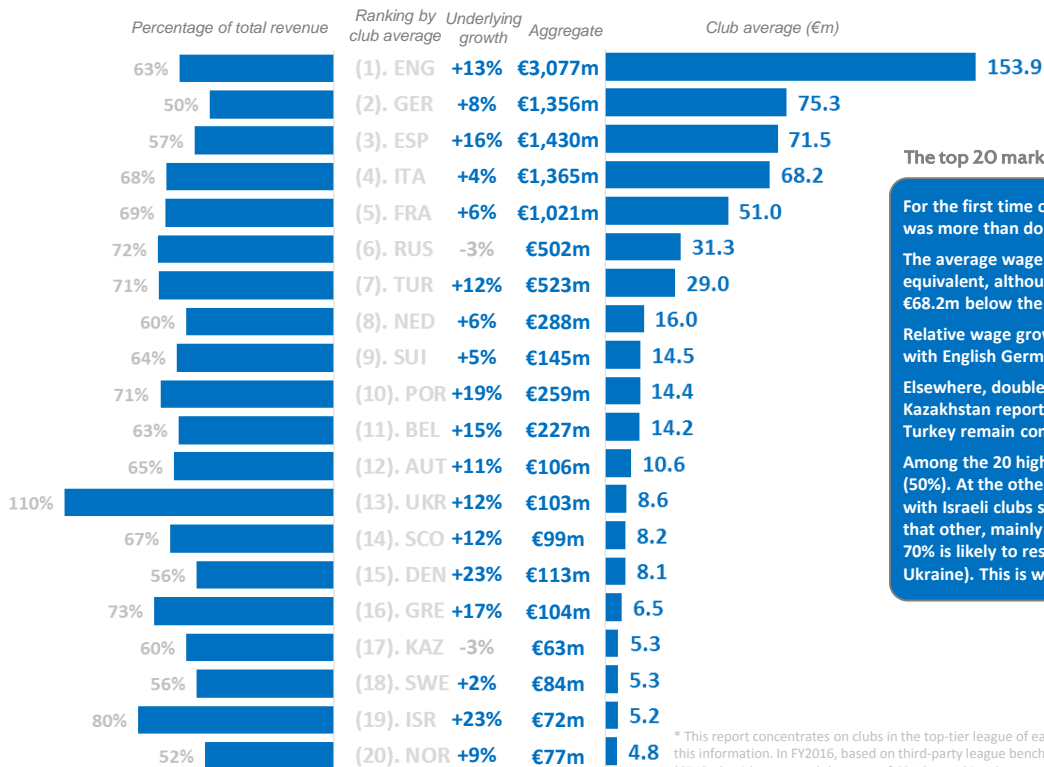


Club wages have grown 42% over the last two cycles, from €8.2bn to €11.5bn. Over the same period all other costs combined have grown 12%, from €6.3bn to €7.3bn, with the decrease in net transfer costs largely countered by increases in net non-operating costs. Of the €5.7bn additional revenue between 2010 and 2016, 59% (€3.3bn) has gone on wages, 17% (€1bn) on other costs and 24% (€1.4bn) on reducing club losses.

* For clarification, 'wages', 'wage levels' and 'wage bills' in this section of the report refer to all employee costs (including the club's share of social taxes) for all employees (technical and administrative staff as well as players).

Wage growth across the top 20 leagues

The top 20 leagues by average club wages



The top 20 markets

For the first time on record, the average wage bill (€153.9m) of the highest-paying league (English Premier League) was more than double that of the next highest-paying league (Germany's Bundesliga, €75.3m).

The average wage bills of the 20 Italian, 20 Spanish and 18 German top-division clubs continue to be roughly equivalent, although Italy's Serie A slipped down to fourth for the first time on record, with average wages of €68.2m below the average La Liga wages of €71.5m.

Relative wage growth between leagues over the last couple of years is heavily influenced by TV revenue growth, with English German and Spanish wages growing faster than Italian and French wages.

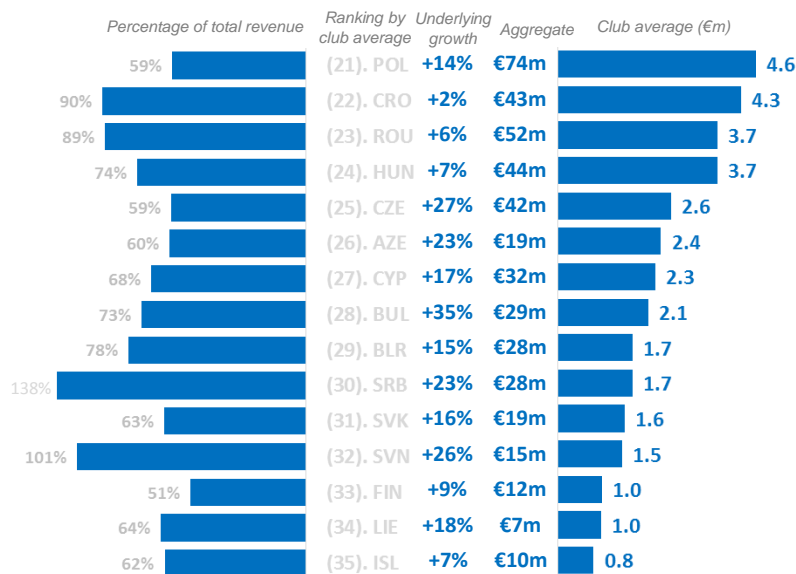
Elsewhere, double-digit wage growth was reported in over half of the major leagues with only Russia and Kazakhstan reporting a decrease. The second-tier English league (Championship) and the top divisions in Russia and Turkey remain comfortably the sixth, seventh and eight highest-paying leagues respectively.*

Among the 20 highest-paying leagues, German club football continues to have the lowest wage to revenue ratios (50%). At the other end of the scale, a number of leagues reported an average wage bill of 70% to 80% of revenue, with Israeli clubs spending on average 80% of all revenue on wages and Ukrainian clubs more than 100%. Given that other, mainly fixed, operating costs tend to absorb between 33% and 40% of revenues, a wage ratio of over 70% is likely to result in losses unless there is a significant surplus from transfer activity (which was the case in Ukraine). This is why it is included as a risk indicator in the UEFA Club Licensing and Financial Fair Play Regulations.

* This report concentrates on clubs in the top-tier league of each of the UEFA member associations, for which UEFA receives detailed financial information. All tables and charts are based on this information. In FY2016, based on third-party league benchmarking reports, the sixth highest aggregate club wages in Europe were actually reported by clubs in the English second-tier (€748m), with average club wages of €31.2m ranking them seventh, slightly below the Russian Premier League average of €31.3m per club. In addition, the second tier in Germany reported average wages per club of €13.8m, ranking this league 12th. The second tier in Italy would be 16th, with average wages of €9.1m per club and the second tier in France would be ranked 19th (€7.9m per club). In aggregate wages, the third tier in England would be 15th (€151m), although once divided by the 24 clubs involved, the average falls just outside the top 20.

Wage levels and trends outside the top 20 leagues

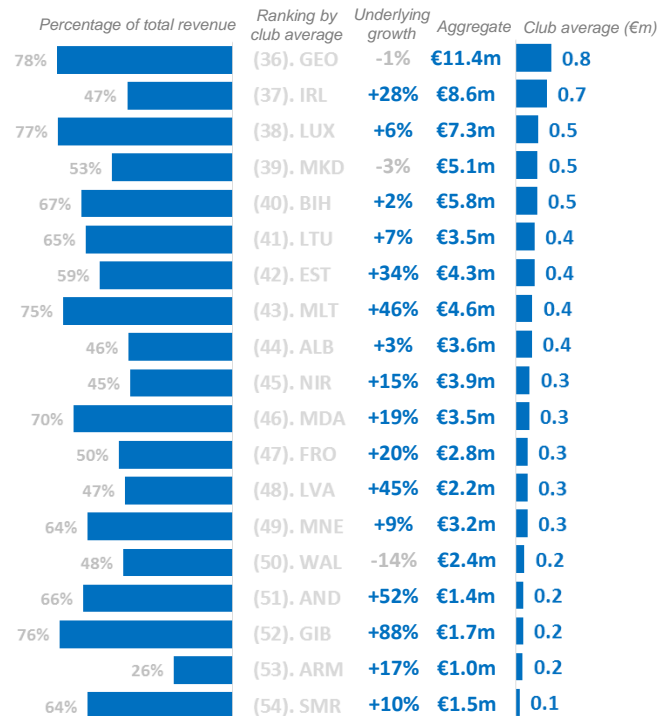
Leagues 21 to 35, ranked high to low by average club wages



Across the 34 lower-wage leagues analysed on this page, four – the top tiers in Croatia, Romania, Serbia and Slovenia – reported an aggregate wage ratio of above 80%, two of which were above 100%. This represents a dramatic and potentially significant improvement on FY2014, when ten such leagues reported ratios of more than 80% and four leagues more than 100%. In addition, all four leagues in Croatia, Romania, Serbia and Slovenia generated significant transfer profits in FY2016.

There are probably numerous reasons for the improved balancing of revenues and wages, including a greater general acceptance of the concept of ‘spending what you earn’. However, the significant increase in both UEFA solidarity and qualifying round payments in FY2015 also appears to have played a prominent role in the recent improvements.

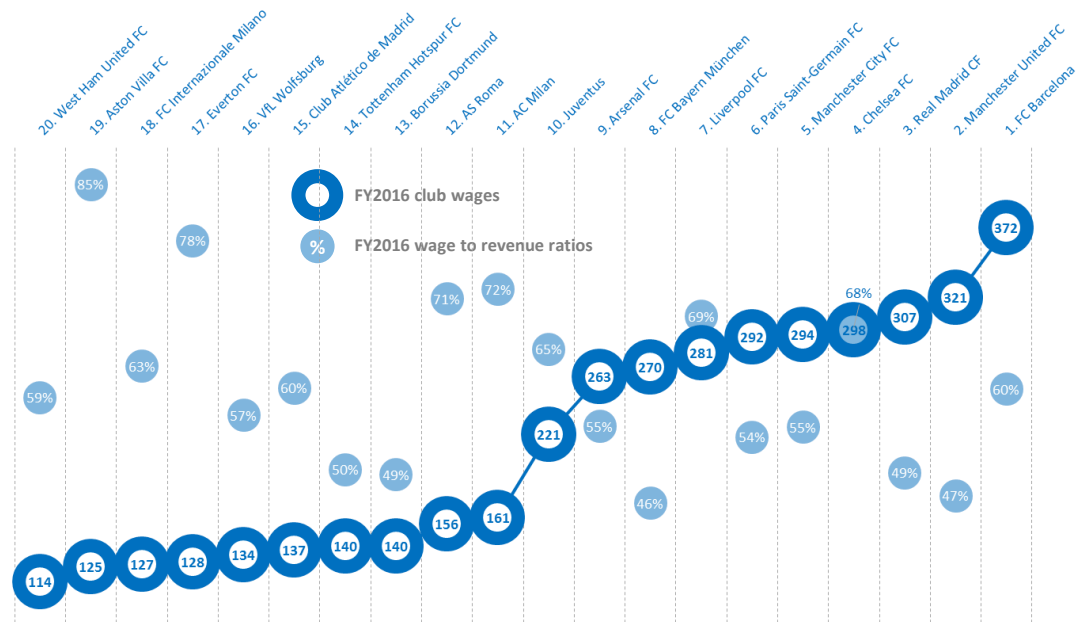
Leagues 36 to 54, ranked high to low by average club wages



Top 20 club wage levels and trends

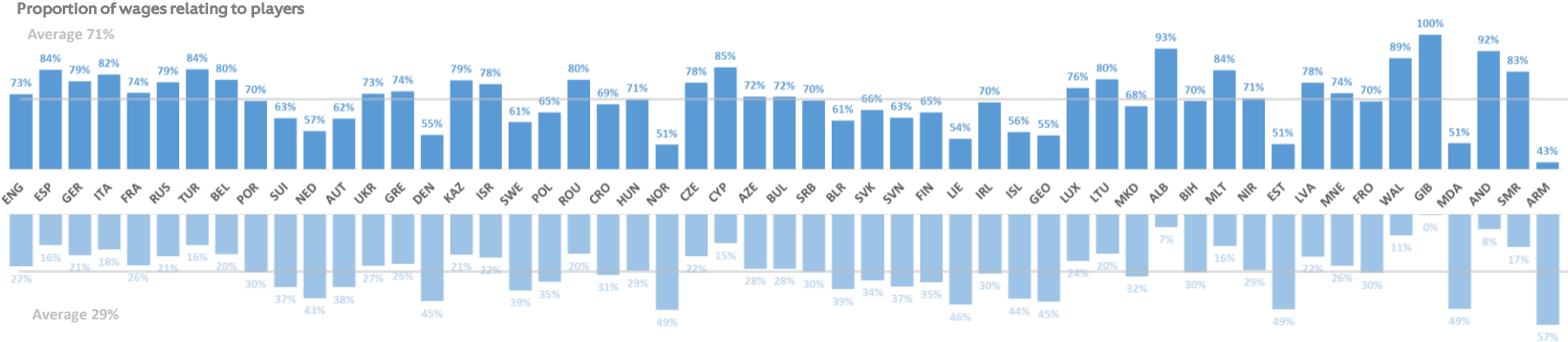
The top 20 clubs by wages

Rank	Club	Country	FY16	Year-on-year growth %	% of total revenue	Multiple of the league average
1	FC Barcelona	ESP	€372m	9%	60%	5.2 x
2	Manchester United FC	ENG	€321m	21%	47%	2.1 x
3	Real Madrid CF	ESP	€307m	6%	49%	4.3 x
4	Chelsea FC	ENG	€298m	5%	68%	1.9 x
5	Manchester City FC	ENG	€294m	6%	55%	1.9 x
6	Paris Saint-Germain FC	FRA	€292m	15%	54%	5.7 x
7	Liverpool FC	ENG	€281m	30%	69%	1.8 x
8	FC Bayern München	GER	€270m	14%	46%	3.6 x
9	Arsenal FC	ENG	€263m	5%	55%	1.7 x
10	Juventus	ITA	€221m	12%	65%	3.2 x
11	AC Milan	ITA	€161m	-2%	72%	2.4 x
12	AS Roma	ITA	€156m	14%	71%	2.3 x
13	Borussia Dortmund	GER	€140m	19%	49%	1.9 x
14	Tottenham Hotspur FC	ENG	€140m	-1%	50%	0.9 x
15	Club Atlético de Madrid	ESP	€137m	31%	60%	1.9 x
16	VfL Wolfsburg	GER	€134m	11%	57%	1.8 x
17	Everton FC	ENG	€128m	27%	78%	0.8 x
18	FC Internazionale Milano	ITA	€127m	6%	63%	1.9 x
19	Aston Villa FC	ENG	€125m	14%	85%	0.8 x
20	West Ham United FC	ENG	€114m	20%	59%	0.7 x
1-20	Average		€214m		61%	
1-20	Aggregate		€4,283m	12%	58%	



The number of clubs with wage bills in excess of €100m increased from 24 in FY2015 to 30 in FY2016, with 10 of those clubs exceeding €200m. The average wage increase among the top 20 was 12%, following on from the 14% increase the previous year. The largest percentage increases were at Club Atlético de Madrid (31%), Liverpool FC (30%), Everton FC (27%) and Manchester United FC (21%), with wage inflation anticipating the new Premier League TV increases. Of the 20 highest-paying clubs, only four recorded a wage bill of more than 70% of total revenue, and 12 clubs recorded a healthy ratio of less than 60%.

On average 71% of club wages allocated to players



For the first time a full analysis of the share of European club wage costs has been performed. The share of total wages attributable to players averages 71%, with technical and administrative staff responsible for the other 29%.

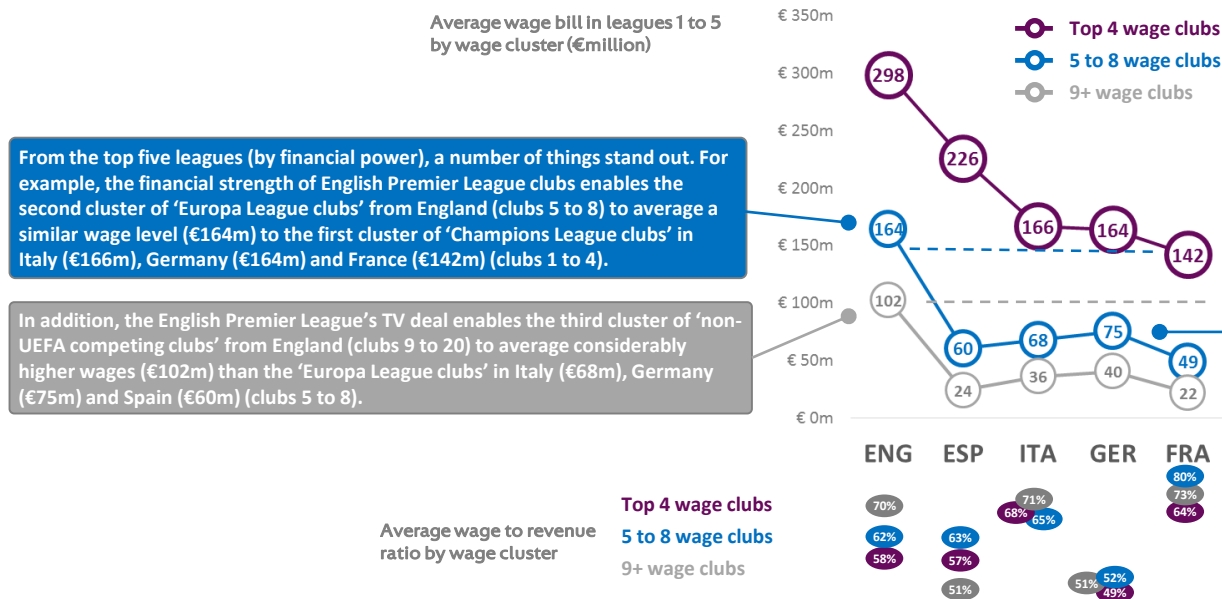
The ratio varies quite considerably between countries, reflecting the structure of clubs in those countries. Among the top 20 leagues, players on average absorb the highest share of total wages in Spain and Turkey (84%) and the lowest in Denmark (55%) and the Netherlands (57%).

Club wages within and between the top 20 leagues

Average and aggregate league comparisons provide some insights but have inherent limitations. Peer group analysis, clustering clubs into similar groups, paints a more revealing picture of the relative spending power of clubs within each league and between different leagues.

The cluster analysis presented on the next two pages groups clubs into peer groups according to club wages and then compares the averages of these clusters by country.*

The strong link between wage spend and performance means that the three clusters roughly represent clubs typically competing in the UEFA Champions League, clubs typically competing in the UEFA Europa League, and the remaining clubs that rarely compete in UEFA competitions.



From the top five leagues (by financial power), a number of things stand out. For example, the financial strength of English Premier League clubs enables the second cluster of 'Europa League clubs' from England (clubs 5 to 8) to average a similar wage level (€164m) to the first cluster of 'Champions League clubs' in Italy (€166m), Germany (€164m) and France (€142m) (clubs 1 to 4).

In addition, the English Premier League's TV deal enables the third cluster of 'non-UEFA competing clubs' from England (clubs 9 to 20) to average considerably higher wages (€102m) than the 'Europa League clubs' in Italy (€68m), Germany (€75m) and Spain (€60m) (clubs 5 to 8).

As already illustrated within the top 30 European clubs' revenue analysis, the gaps between the 'top four' clubs in the wealthiest leagues are considerable and therefore only limited conclusions can be drawn from comparing this peer group between leagues. For example, the French 'top four' wage bill varies from €292m to €82m and the Spanish from €372m to €87m.

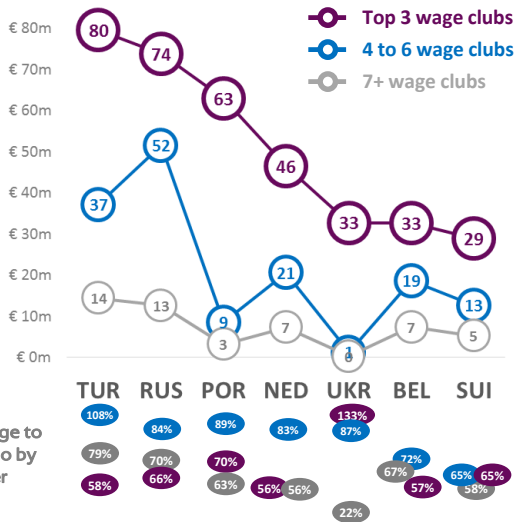
The average wage bills of the second cluster of 'Europa League clubs' from Spain, Italy, Germany and France are at a similar level to the wages of the 'Champions League clubs' on the opposite page. These clubs often drop down into the Europa League during Champions League qualifying or enter the Europa League directly, which partly explains why the Europa League group stage is often extremely competitive.

*Last year's report grouped all the leagues by peer group clusters of four clubs. This year we perform the peer group analysis covering the same top 20 leagues but flexing the peer group size according to the relative power and approximate UEFA access of the league, from groups of four clubs (top five leagues), groups of three clubs (leagues 6 to 12) and groups of two clubs (leagues 13 to 20). Due to the relative distribution of financial strength between clubs as one moves from the financially strongest down, and due to the different access to UEFA club competitions granted to leagues, these flexed peer groups provide for more meaningful comparisons.

The gap between the top two clusters across both groups presented on this page is revealing. The difference in spending power in Portugal, Ukraine and Scotland in particular makes a domestic league winner outside the top three/two extremely unlikely. The relative wage bill in other leagues is clearly more balanced, with the top two clusters closer to each other, particularly in Russia, Belgium, Denmark, Sweden and Norway, where the average wage ratio of the groups is less than two to one. This relative imbalance or balance in domestic buying power has a considerable effect on whether the teams qualifying for the two UEFA club competitions from each league change or remain the same from season to season.

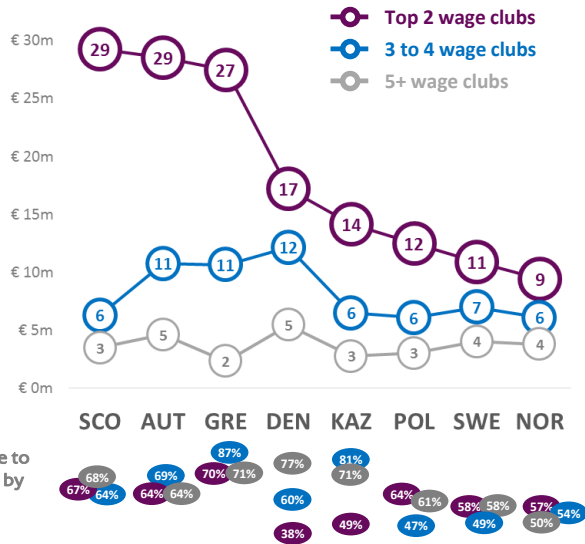
Comparisons of relative buying power between leagues depends on which tier of clubs are compared. For example, while the top three Portuguese clubs can be considered competitors (both on and off the pitch) to the top three Russian or Turkish clubs, the Portuguese clubs outside the top three have a fraction of the spending power of the other Russian or Turkish clubs. A similar story applies when comparing Ukrainian with Belgian or Dutch clubs or when comparing the first and second tiers of Scottish clubs to their peers in Austria, Greece or Denmark.

Average wage bill in leagues 6 to 12 by wage cluster (€million)



Average wage to revenue ratio by wage cluster

Average wage bill in leagues 13 to 20 by wage cluster (€million)



Average wage to revenue ratio by wage cluster



CHAPTER

8

Operating and transfer costs

Operating and transfer cost highlights

Transfer fee inflation yielded record club profits on player sales in 2016, driving a decrease in net transfer costs to just 1.1% of revenue

166 clubs in Europe reported net transfer proceeds equivalent to more than 10% of revenue in 2016, underlining the dependence of many clubs on transfer activity

Club operating costs (excluding wages) increased at a record 8% among the top 20 clubs in 2016, underlining the significant spending away from the pitch that the top clubs are making to support their global club brands

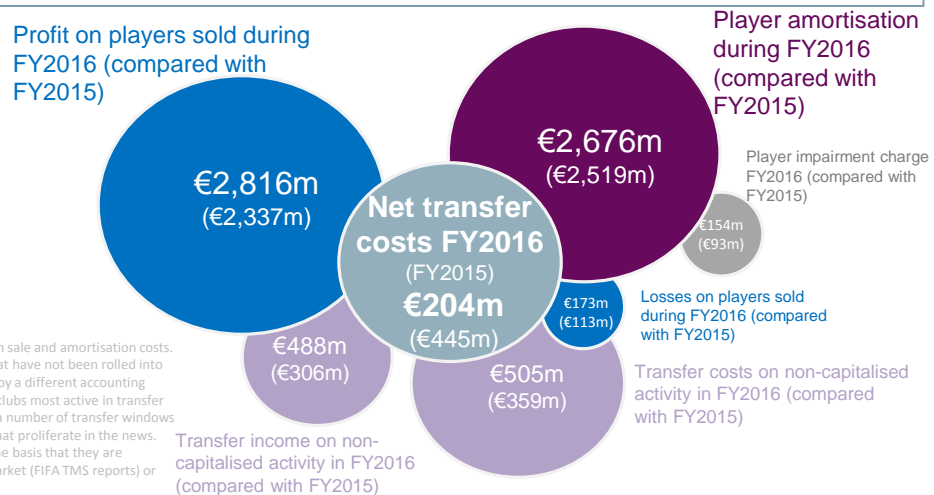
Transfer activity and club transfer profits/losses

Accounting for transfer activity is somewhat counterintuitive. When transfer spending is going up, the net cost of transfer activity, and therefore the level of aggregate club losses, is likely to go down. This is because of a timing difference: profits, which increase if transfer activity goes up, are triggered immediately on sale, while costs, which also increase if transfer activity goes up, are accounted for over the length of the players' contracts (typically three to five years).

The impact of transfer activity on clubs' reported profit and loss accounts is often significant. Profits and losses (usually profits) triggered by outward player transfers during the 12 month period are combined with transfer income and costs from loans and with the transfer costs (amortisation and impairment) on players still at the club during the year. These transfer costs are based on the original transfer fee, which is spread over the length of each player's contract (typically three to five years). The best way to explain the complicated interaction between transfer activity and club profits/losses is with a simplified example: a player signed on a five-year contract for €50m will create costs of €10m per year (amortisation). If he is transferred out after just two years, the new transfer value ('proceeds' featured in the revenue section of this report) is compared with the value of the player in the books. In this example, the player has a value in the books of €30m (original €50m transfer fee less two years of amortisation at €10m). If the new transfer value is €60m, a 'profit' of €30m will be triggered (€60m fee minus the €30m value in the books).* On a European scale, the combination of profits, losses, incomes and charges, which led to a combined net transfer cost of €204m in FY2016, is illustrated in the diagram below.**

European top-division clubs, on the whole, tend to report a net transfer cost because they are net importers of talent from outside Europe and from lower leagues, and because transaction (intermediary) costs are usually incurred during transfer activity. As a benchmark from the cross-section of some 2,000 transfer deals analysed earlier in this report, agent costs represented, on average, 13.3% of the buying clubs' transfer fees, which, if extrapolated to the gross transfer spend of between €3.1bn and €5.4bn per year between FY2010 and FY2016, would represent €410m to €720m a year in intermediary costs over this period.

* The simple example presented here represents the transfer activity that has the greatest impact on profit and loss accounts, through profits on sale and amortisation costs. The FY2016 transfer income and costs on non-capitalised activity represent a combination of loan fees (both costs and incomes), agents' fees that have not been rolled into the transfer fee ('capitalised') and hence recognised in FY2016, and the overall transfer activity of a number of mainly smaller clubs, which employ a different accounting policy of recognising transfer incomes and costs as soon as the transfer takes place.** The timing of the financial period for the majority of the clubs most active in transfer activity (ending just before the main summer transfer window), combined with the delay in the publication of financial statements, means that a number of transfer windows have passed by the time the figures are analysed, rendering the figures less compelling than the numerous up-to-date transfer market reports that proliferate in the news. Nonetheless, the figures in this report are of considerable value as they can be considered the only 'official' European club transfer figures, on the basis that they are compiled from the detailed notes to the audited financial statements of 700+ clubs, as opposed to figures that only cover part of the transfer market (FIFA TMS reports) or pure estimates (all other reports, websites or press figures).



Increasing transfer prices triggering profits and reducing net costs

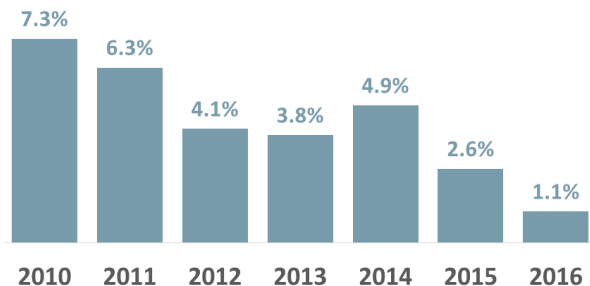
Analysis of FY2016 net transfer costs

Clubs reported net transfer costs of €205m in FY2016, equivalent to 1.1% of revenue and considerably lower than the FY2015 figure of €445m.* For clubs in leagues 21 to 54, transfer activity contributed a net transfer gain equivalent to 16.7% of revenue, up considerably from 8.9% with escalating transfer prices leading to greater prices paid for playing talent.

The actual transfer spend, however, was 24% higher in FY2016 than in FY2015 and 40% higher than in FY2014.

The chart below provides another clear indication of transfer price inflation, with the players sold in FY2016 for €4.4bn in transfer proceeds originally bought for €3bn (137% inflation). This level of inflation is notably higher than in previous years.

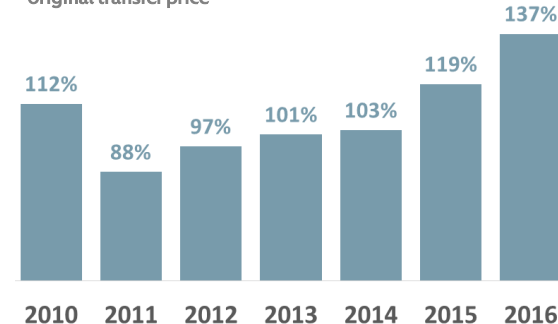
Six-year evolution in net transfer costs as a percentage of revenue



Six-year evolution in gross transfer spend (€million)



Six-year evolution in latest transfer price relative to original transfer price

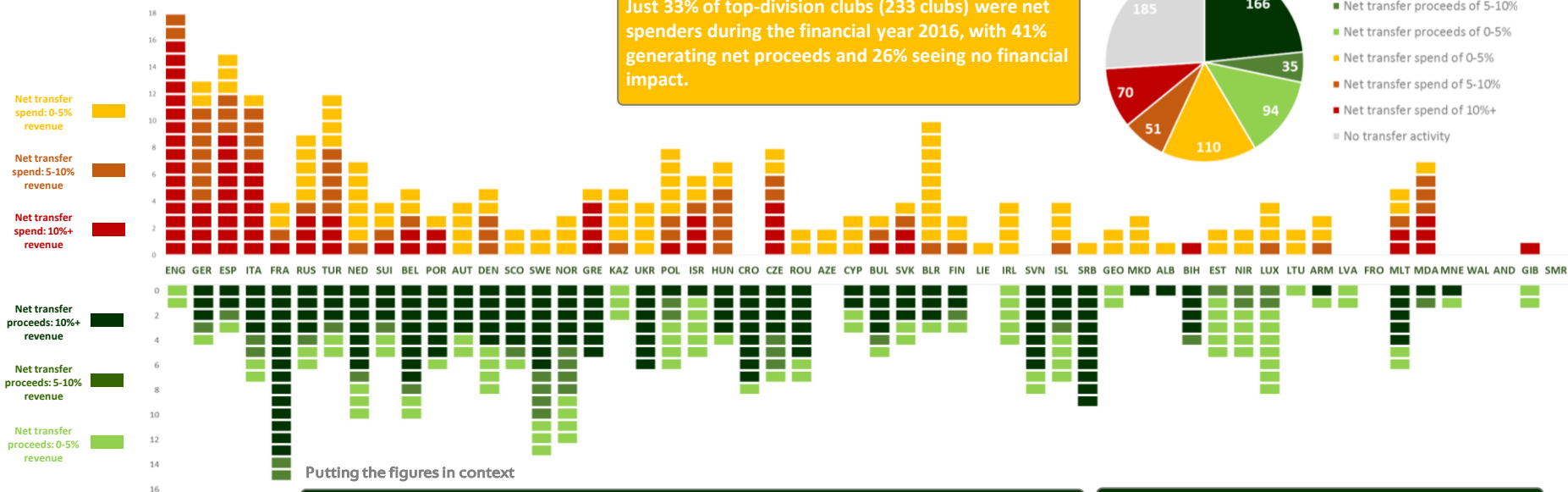


Based on the summer 2016 and 2017 transfer windows and disclosed or estimated transfer fees, we can reasonably expect transfer spending and its concentration to rise further. However, it is more complicated to forecast the exact impact on net transfer costs as transfer windows can cut across financial year ends.

* A concerted effort has been made since the FY2014 reporting to include all transfer costs and incomes and loan activity within the transfer activity analysis. In some cases this required clubs to reclassify transfer costs/incomes from general operating costs to transfer activity. In FY2014 this led to the addition of €70m (2.3%) in transfer incomes/proceeds on non-capitalised activity and €130m (3.4%) in gross transfer costs/spending on non-capitalised activity. To ensure the best possible comparison, the same percentage adjustments have been made to the reported transfer costs/spending, incomes/proceeds, net transfer costs/spending and transfer volumes in FY2010 to FY2013.

Buying and selling clubs within each league

Spread of net transfer spend (orange/red) and transfer proceeds (greens) of every club across European leagues



The chart above highlights that transfer activity within the club financial mix is more nuanced than just the big leagues buying from the smaller leagues. There are net buyers and net sellers within nearly all leagues. While the vast majority of English, Germany, Spanish and Italian clubs were net spenders, 16 of the 20 Ligue 1 French clubs generated net proceeds during 2016.

Net transfer proceeds were equivalent to more than 10% of revenue for 166 clubs in Europe in FY16, with most of these clubs dependent on transfer proceeds to balance their books.

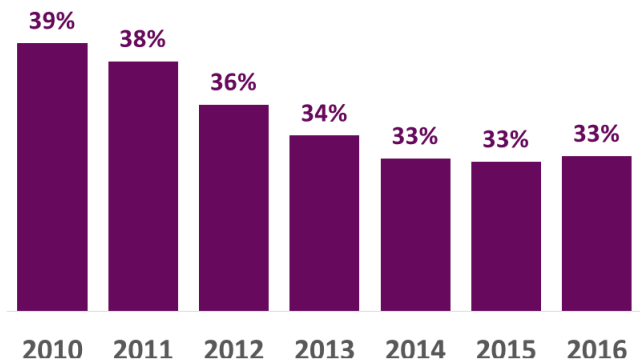
European club operating costs grew at same rate as revenues

Historically, much of a club's operating cost base has been either fixed (assets and property, cost of facilities and basic administrative costs) or linked to the number of matches played (matchday expenses).* With revenues increasing significantly each year, the proportion of revenue dedicated to (non-wage) operating costs therefore decreased markedly from 39% in FY2010 to 33% in FY2014.

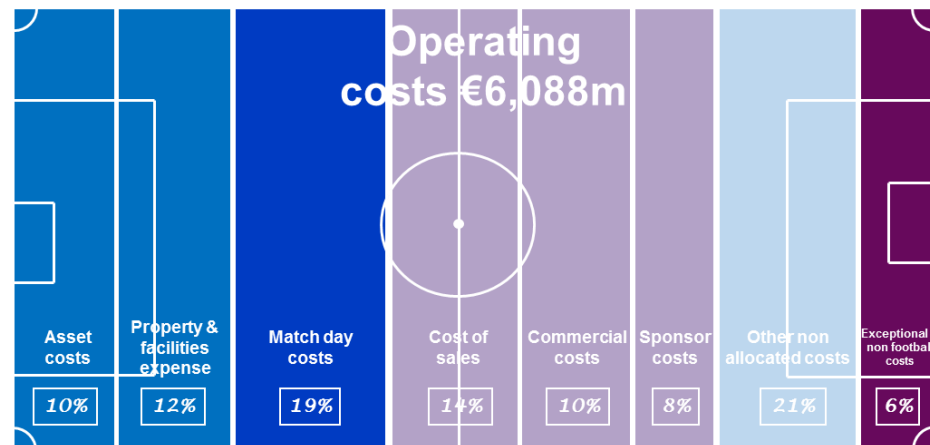
However, the last two years have seen significant increases in non-wage operating costs, with growth of 10% in FY2016. Part of the increase can be explained by one-off items (impairments and other exceptional costs) and the slight increase in cost inflation, but it appears that operating costs are now increasing as clubs expand their commercial, sponsorship and stadium activities. It is therefore probably time to recognise that these variable operating costs are on the increase and this trend is likely to continue as clubs continue to expand their activities.

The quality and extent of the financial disclosure of operating costs varies across Europe, making comparisons challenging.** The main components are set out on the pitch below, albeit with unallocated 'other' operating costs amounting to 21%.

Six-year evolution in operating costs as a percentage of revenue*



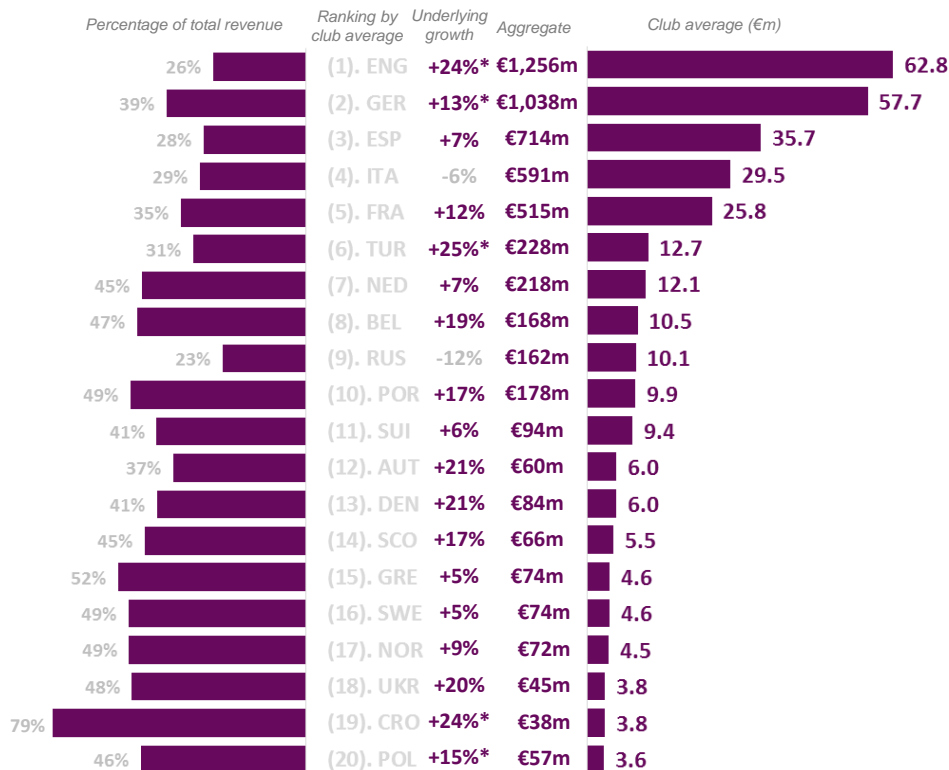
Breakdown of operating costs



* References to 'operating cost base' and 'operating costs' in this report exclude employee costs (which have been analysed separately) and transfer activity (amortisation also analysed elsewhere in the report). **Disclosure of operating costs differs significantly between financial reporting frameworks. UEFA and many of its member associations require additional disclosure from clubs, above and beyond normal company reporting, and this has enabled the first Europe-wide analysis of club operating costs allocated to different categories. Individual club cost structures differ considerably. One obvious example is stadium ownership, which will heavily impact 'asset costs' (including depreciation) and 'property and facilities expense' (including repairs and maintenance expenses, as well as rental/leasing costs). Merchandising and hospitality arrangements also influence the 'cost of sales' (including raw materials), 'matchday costs' and 'commercial costs'.

Operating cost levels and trends across leagues

The top 20 leagues by average club operating costs



* In certain cases relatively large increases are linked to non-repeating and/or external factors. More than half of the underlying English operating cost growth was due to €150m of exceptional items and impairment charges on non-player assets. Likewise, more than half the German operating cost increase can be attributed to non-recurring exceptional items.

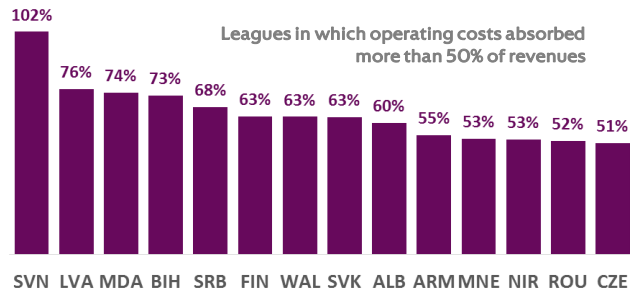
The top 20 markets

The extent of the commercial activity of German and English clubs highlighted in the revenue analysis is also clear on the costs side, with average club operating costs of €62.8m and €57.7m respectively, considerably higher than the club average from any other major league. The high stadium ownership rate of clubs in England and Germany is also a factor in their relatively high operating costs.

Nonetheless, with operating costs absorbing just 26% of English club revenue, there is clearly plenty of income left to pay high wages and transfer fees. In general less operating costs are associated with generating TV revenue than commercial or matchday revenue. Indeed, it is common for the major expense (agency or commission costs) associated with TV revenues to be already netted before TV revenue is distributed to clubs and therefore not impact operating costs. This is reflected in the percentage of revenue absorbed by operating costs, which tends to be higher for the leagues that do not benefit from large TV deals.

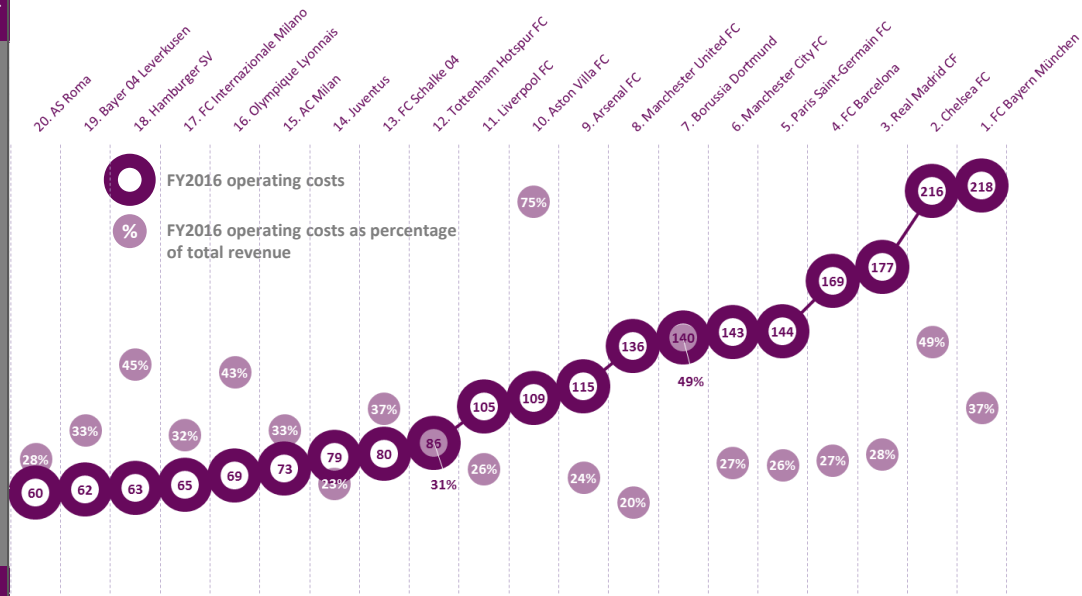
Outside the top 20 markets

The tendency for fixed operating costs to absorb a higher percentage of revenues is clear when analysing the leagues outside the top 20. Operating costs absorb an average of 50% of revenues for clubs in those countries and more than half of revenue for clubs in the 14 leagues presented in the chart below. Of the top 20 leagues, only Greece and Croatia reported above 50%. With this level of operating costs before wages, it is clear that clubs need to make player transfer profits in order to balance their books.



Top 20 clubs' operating cost levels and trends

Rank	Club	Country	FY16	% of total revenue	Year-on-year growth	Exceptional or one-off items	Normalised year on year growth*
1	FC Bayern München	GER	€218m	37%	18%	€0m	18%
2	Chelsea FC	ENG	€216m	49%	76%*	€90m	4%
3	Real Madrid CF	ESP	€177m	28%	-11%	€2m	-7%
4	FC Barcelona	ESP	€169m	27%	4%	€0m	4%
5	Paris Saint-Germain FC	FRA	€144m	26%	32%	€0m	35%
6	Manchester City FC	ENG	€143m	27%	19%	€0m	19%
7	Borussia Dortmund	GER	€140m	49%	13%	€0m	13%
8	Manchester United FC	ENG	€136m	20%	22%	€0m	24%
9	Arsenal FC	ENG	€115m	24%	-2%	€0m	-2%
10	Aston Villa FC	ENG	€109m	75%	115%*	€60m	-4%
11	Liverpool FC	ENG	€105m	26%	22%	€0m	21%
12	Tottenham Hotspur FC	ENG	€86m	31%	22%	€7m	13%
13	FC Schalke 04	GER	€80m	37%	-16%	€0m	-16%
14	Juventus	ITA	€79m	23%	17%	€1m	17%
15	AC Milan	ITA	€73m	33%	-15%	€6m	0%
16	Olympique Lyonnais	FRA	€69m	43%	97%*	€0m	97%
17	FC Internazionale Milano	ITA	€65m	32%	-1%	€6m	9%
18	Hamburger SV	GER	€63m	45%	15%	€7m	2%
19	Bayer 04 Leverkusen	GER	€62m	33%	14%	€0m	14%
20	AS Roma	ITA	€60m	28%	-2%	€1m	3%
1-20	Average		€116m	32%		€9m	
1-20	Aggregate		€2,311m	32%	17%	€179m	8%



Operating costs absorbed an average 32% of the top 20 clubs' revenues, ranging from 20% at Manchester United FC and Juventus to 49% at Borussia Dortmund.

Operating costs across the top 20 clubs increased by an average of 17% in FY2016, although when adjusting for one-off items and currency fluctuations this drops to 8%, slightly above the Europe-wide average. The sheer scale of the global super clubs' non-wage costs highlights the significant resources these clubs have and the investments they are making in the global expansion of their commercial activities. This is the flipside of the large increases in commercial revenues highlighted in the previous section.

* In two cases in particular, the high level and percentage of growth in operating costs is linked to certain non-repeating items, including an exceptional impairment on non-player assets by Aston Villa and a one-off contract termination payment by Chelsea FC, who cancelled their adidas contract six years early. The high growth in Olympique Lyonnais' operating costs is due to the full integration of costs from their new state-of-the-art stadium and club-owned facilities.

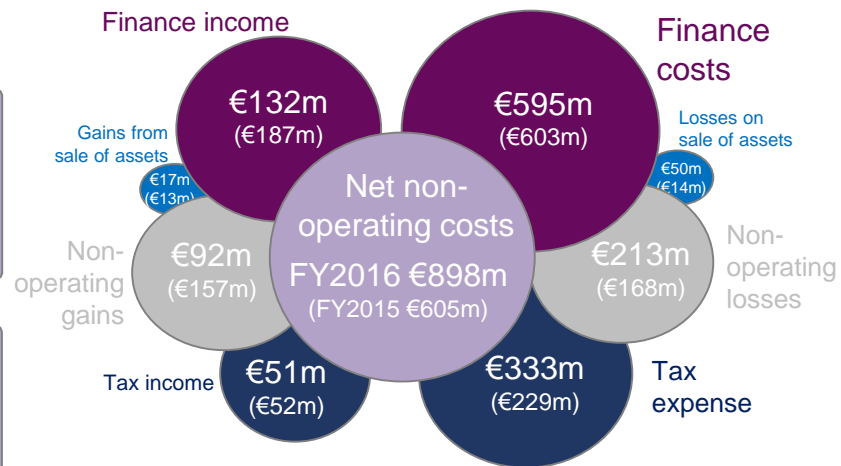
Costs of non-operating items

In addition to wages, transfer spending and normal operating costs, clubs reported costs from non-operating items (gains offset against losses) of just under €900m in FY2016, a significant increase of €293m on the previous year. This net cost, covering financing, divesting, other non-operating gains and losses, and tax was equivalent to 5.3% of revenue, and directly increases bottom-line losses. It should be noted that many of these items are adjusted or removed for the purposes of calculating a club's financial fair play break-even result. As in the rest of this report, however, no adjustments have been applied to the figures presented here.

Breakdown of European clubs' non-operating costs

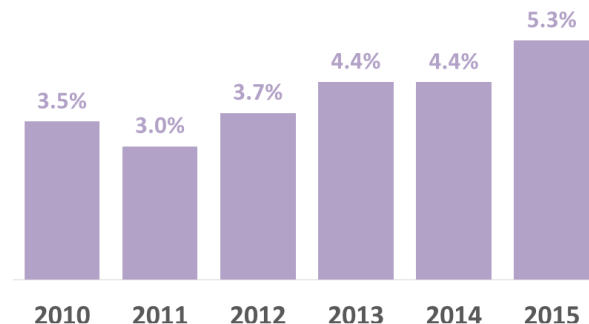
Spanish clubs reported combined non-operating costs of €152m in FY2016, equivalent to 6% of revenue. As a percentage of revenue, the net non-operating costs of Ukrainian clubs were comfortably the highest, with losses on divestments of assets of €43m heavily influencing the losses reported by Ukrainian clubs in FY2016.

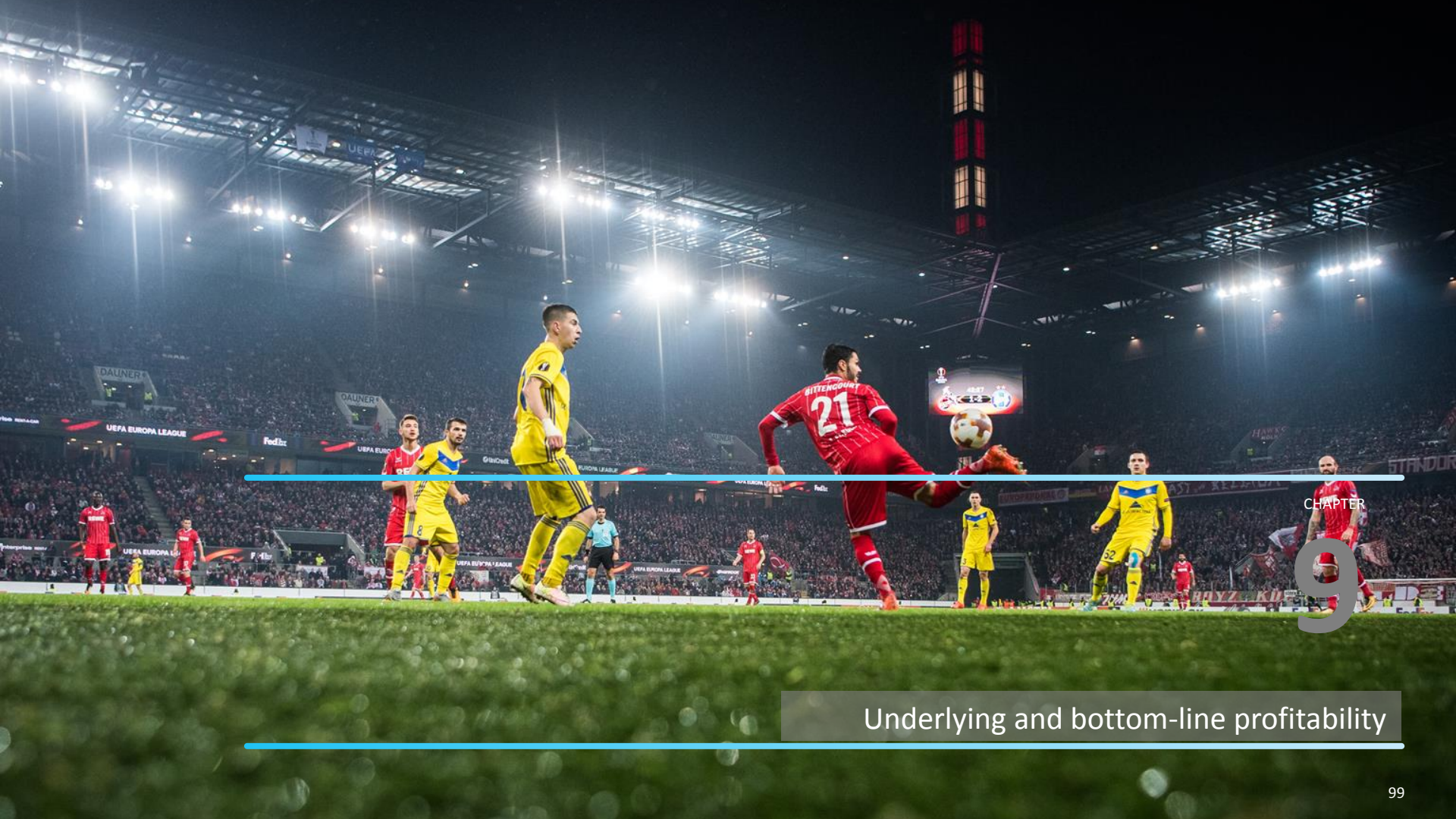
The relatively high financing costs of Danish, Portuguese and Turkish clubs continue to absorb a sizeable part of club revenues, with net non-operating costs equivalent to 16.3%, 16.7% and 12.4% respectively. This relatively high level of financing cost mainly arises from investments in stadiums and other infrastructure.



Country	Losses (+)/gains (-) on divestment	Non-operating expense (+)/income (-)	Net finance costs (+)/losses (-)	Net tax expense (+)/income (-)	Net non-operating costs (+)/incomes (-)	Net non-operating costs as % revenue
ESP	€2m	€57m	€63m	€30m	€152m	6.0%
GER	€1m	€32m	€25m	€92m	€149m	5.5%
ITA	€0m	€17m	€81m	€33m	€131m	6.5%
ENG	-€10m	-€8m	€89m	€39m	€109m	2.2%
TUR	€0m	€1m	€82m	€7m	€91m	12.4%
POR	€0m	€18m	€40m	€3m	€61m	16.7%
FRA	€0m	€7m	€16m	€34m	€57m	3.9%
UKR	€43m	-€1m	€9m	€0m	€52m	55.1%
DEN	€0m	€0m	€28m	€6m	€33m	16.3%
RUS	€0m	€0m	€5m	€20m	€25m	3.5%
Other	-€2m	-€1m	€26m	€14m	€37m	1.3%
Total	€32m	€122m	€464m	€280m	€898m	4.9%

Six-year evolution in net non-operating items as a percentage of revenue





CHAPTER

9

Underlying and bottom-line profitability

Profitability highlights

Record aggregate operating profits of €832m (before transfers) were reported by European club football in 2016

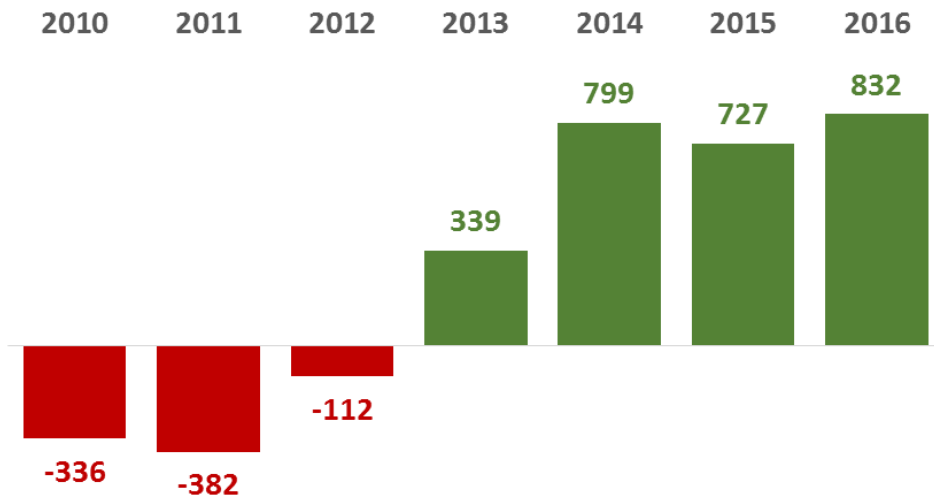
Combined bottom-line losses (after transfers) have decreased by 84% since the introduction of financial fair play in 2011

Just under half the top-division leagues (26 of 54) reported aggregate bottom-line profits in 2016, another record high

Improving medium-term trend in club operating profits

To understand club profitability (profits or losses) across Europe, two different measures are used. The first is operating profit which measures the clubs' underlying ability to generate profits that can be reinvested back into transfer and financing activity. The second measure is net profit after tax, which we refer to as 'bottom-line profit' as it is the final result after all costs and gains and losses. This section starts with medium term trends and then analyses the latest FY2016 club results, in aggregate European, league and club terms.

Aggregate European operating profits (€million)



The dramatic improvement in underlying club profitability was again confirmed in FY2016, with a third consecutive year of significant operating profits for European club football. Indeed, the €832m operating profit in FY2016 was the highest ever.* Europe's clubs have now generated more than €2.3bn in operating profits in the last three years. This can be compared with the €0.8bn combined operating losses made between 2010 and 2012.

* The collection of detailed club-by-club Europe-wide data was initiated by UEFA in 2008 and the 2016 result is clearly the best seen since then. Aggregate data for the largest leagues (which have represented approximately 70% of top-division revenues and costs over the last two decades) have been collected and analysed by Deloitte for almost 20 years. The 2016 operating profits of these leagues are more than double the previous record high. Aggregate revenues prior to 1996 were not high enough to generate operating profits to match the 2016 level. On that basis, it is concluded that the aggregate operating profits of 2016 were the highest European football has ever generated.

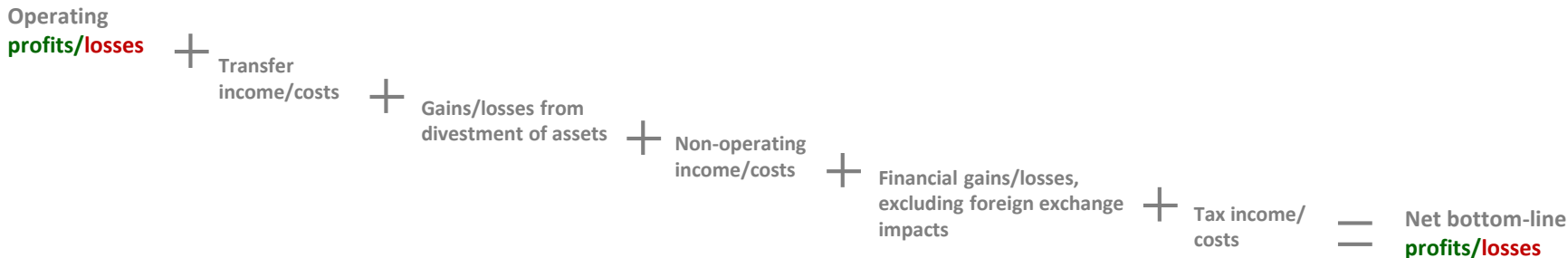
European club bottom-line losses cut in six since FFP introduction

The losses reported here and referred to throughout the report, whether individual club, aggregate league or aggregate European losses, are final audited financial statement losses after tax, sometimes referred to as 'bottom-line losses', adjusted only for unrealised foreign exchange gains and losses. This is not the same as the break-even result, which includes various adjustments such as the removal of costs related to virtuous investments in the areas of youth football, community activities and infrastructure, the removal of certain taxes, and fair-value assessments of related-party transactions. In seeking to meet break-even targets, clubs do, however, tend to improve their bottom-line profitability.

Aggregate European bottom-line losses

Net bottom-line losses after transfer, non-operating, financing, tax and divestment activities amounted to an aggregate €269m in FY2016. This means club losses have been cut to just 16% of the pre-financial fair play level (FY2011). Importantly, this sharp reduction in bottom-line losses has been primarily driven by the underlying profits generated from operating activities rather than temporary movements in other post-operating items.

From operating result to bottom-line net result



Record number of profitable leagues

Significant jump in the number of countries with profitable top-tier leagues

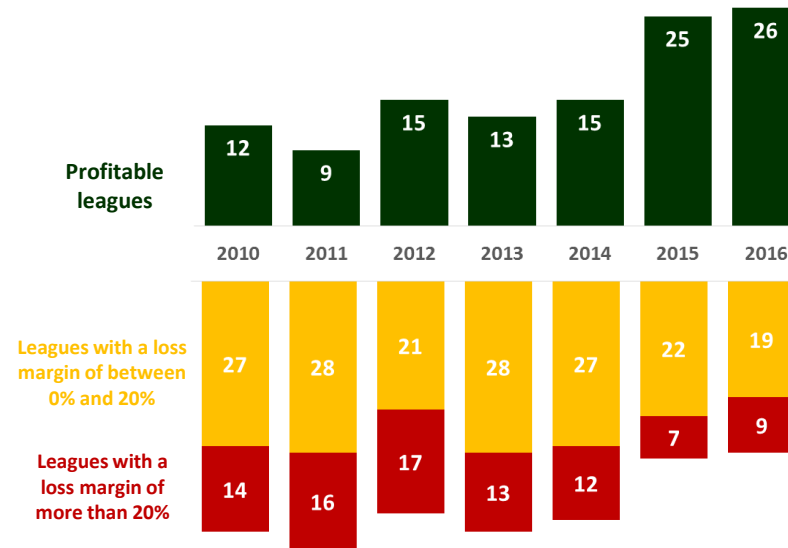
While the FY2015 analysis highlighted the effectiveness of financial fair play in reducing large, repeated club losses at the top end of the game, the charts presented here point to further broader improvements across Europe. A record number of leagues (26) reported profits in FY2016 (aggregate of club profits/losses within league), underlining that the dramatic improvement seen the previous year was not a one-off.

The centrepiece of financial fair play, the break-even rule, may not directly address small and medium-sized clubs with costs and incomes below €5m, but financial fair play has other direct and indirect impacts on these clubs. Direct in that UEFA and the Club Financial Control Body pass their eyes over detailed financial data from all clubs competing in UEFA competitions and in particular take careful, regular note of all overdue payables. And indirect in that financial fair play has resulted in a significantly higher level of scrutiny of club finances and the actions of club owners and directors. In addition, some countries, such as Cyprus, have introduced their own versions of financial fair play, tailored to their clubs and the scale of their financial activities.

Significant drop in the number of countries with major loss-making top-tier leagues

The number of top-tier leagues with a combined club loss margin of 20% or more increased from seven in FY2015 to nine in FY2016 but remains much lower than the historic levels. A loss margin of 20% means that clubs spend at least €6 for every €5 they make. The peak number of leagues at this level was 17 in FY2009 and the lowest number before FY2015 was 13 in FY2013 and FY2014.

Evolution in league profitability –
Number of leagues (FY2010 to FY2016)



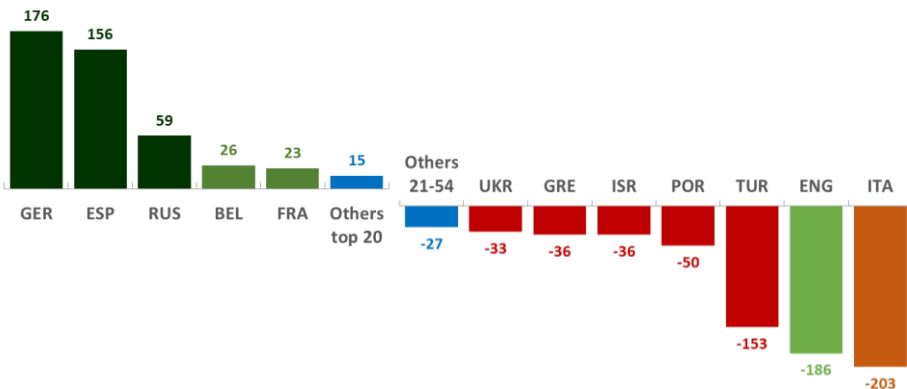
Relative profitability between the top 20 leagues

Profit and loss margins of the top 20 leagues

European clubs' underlying and bottom-line profitability have both improved greatly but significant differences between the leagues remain. The bar chart below indicates the main contributors to the bottom-line €269m net losses seen in FY2016, while the scatter chart sets out the operating and bottom-line profitability of each of the top 20 leagues.

The combined operating profit margins of the clubs in the top 20 leagues increased from 4.9% to 5.6% in FY2016, which after transfer activity and financing turns into a bottom-line loss margin of just 1.2%. The top 20 is split in two, with ten countries reporting bottom-line profits and ten reporting bottom-line losses.

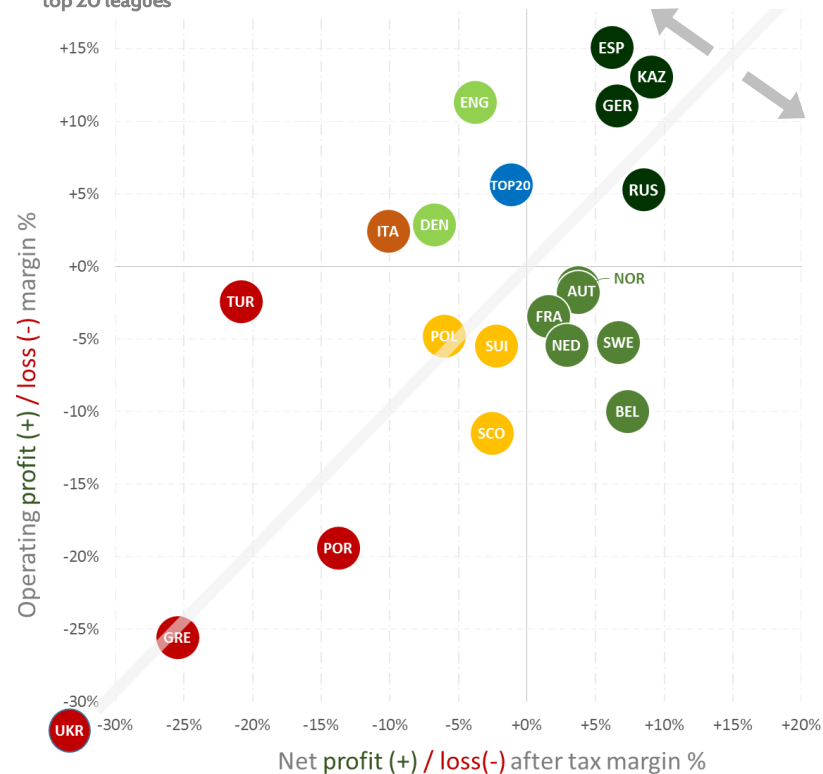
Notable bottom-line profits and losses by league (€million)



The bar chart indicates that three countries were responsible for the bulk of net losses in Europe in FY2016. Italian and Turkish clubs repeat their FY2015 appearance although their losses have decreased by 30% and 25% respectively. They are joined by English clubs, who after reporting bottom-line profitability in FY2015, reported an aggregate €186m loss in FY2016, pushed by some large one-off costs and some wage inflation in anticipation of the FY2017 TV uplift. The next double page spread, looks at profitability by league per club, highlighting the limitations of aggregate analyses and the care that must be taken when using them to make generalisations, as the majority of English and Italian clubs, for example, reported profits in the year.

Operating and net profit margins in the top 20 leagues

The leagues to the right of the grey line generated enough net transfer profits to cover net costs from financing, tax and divestments. Leagues to the left were the opposite, reporting a better operating margin than bottom-line margin.



Relative profitability outside the top 20 leagues

Operating profitability in leagues 21 to 54

While overall Europe-wide operating profits have increased and net losses have fallen, the results vary across Europe. Of the 34 non-top leagues, just 10 generated aggregate underlying operating profits in FY2016, with wages on average accounting for 73% of revenue and with less revenue than the wealthiest leagues to cover other, mainly fixed, operating costs.

On an aggregate basis across the 393 clubs in the non-top 20 leagues, the negative operating margin of 14% in FY2015 increased back up to 23% of revenue in FY2016. When comparing these leagues with the top 20, what stands out is the greater reliance on benefactors, transfer profits and UEFA club competition prize money, which can lead to larger fluctuations in financial performance from year to year.

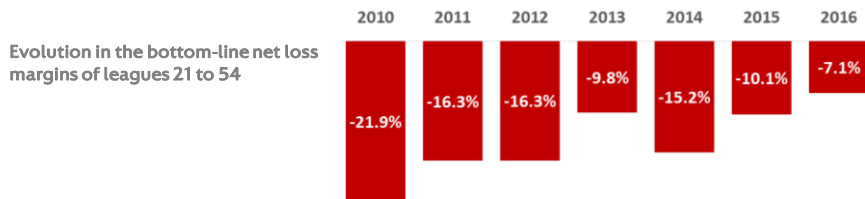
No leagues come close to operating in the top left quadrant, which would mean operating profits and bottom-line losses.

Bottom-line net profitability in leagues 21 to 54

At net profit level, after transfer, non-operating, financing, tax and divestment activities have been included, a record 15 of the 34 leagues outside the top 20 reported aggregate profits in FY2016. Ten of these leagues reported both operating and net profits, while six (Albania, Croatia, Hungary, Malta, Serbia and Wales) were able to transform operating losses into bottom-line profits through transfer profits.

The clubs of six countries were less successful in balancing their books in FY2016 and reported net loss margins of more than 20%. The loss margins in Georgia and Israel again exceeded 30%, joined by Moldova in FY2016.

On an aggregate basis across the 393 clubs in these non-top leagues, a negative bottom-line loss margin of 7.1% was generated in FY2016, a significant improvement on previous years.



Operating and net profit margins in leagues 21 to 54

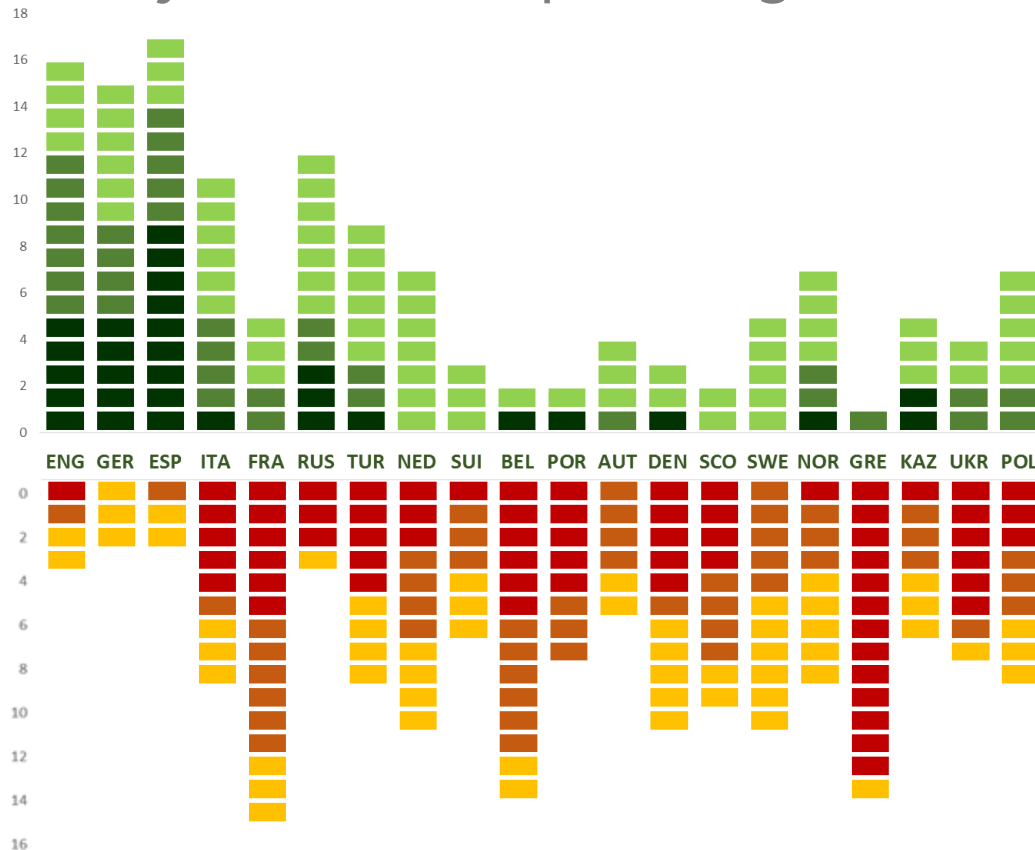
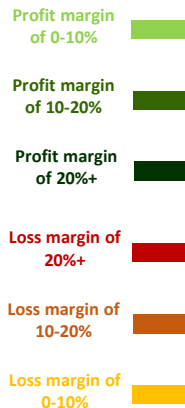
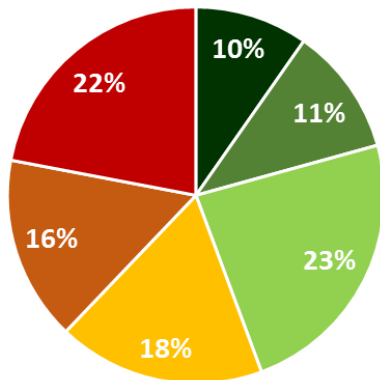


Underlying operating profitability within the top 20 leagues

Operating profits and losses across the top 20 leagues*

Overall, 44% of clubs in the top 20 leagues generated operating profits in FY2016, equalling the previous record in FY2014 and considerably up on the percentage before the introduction of financial fair play in 2011, when just 35% reported underlying operating profits.

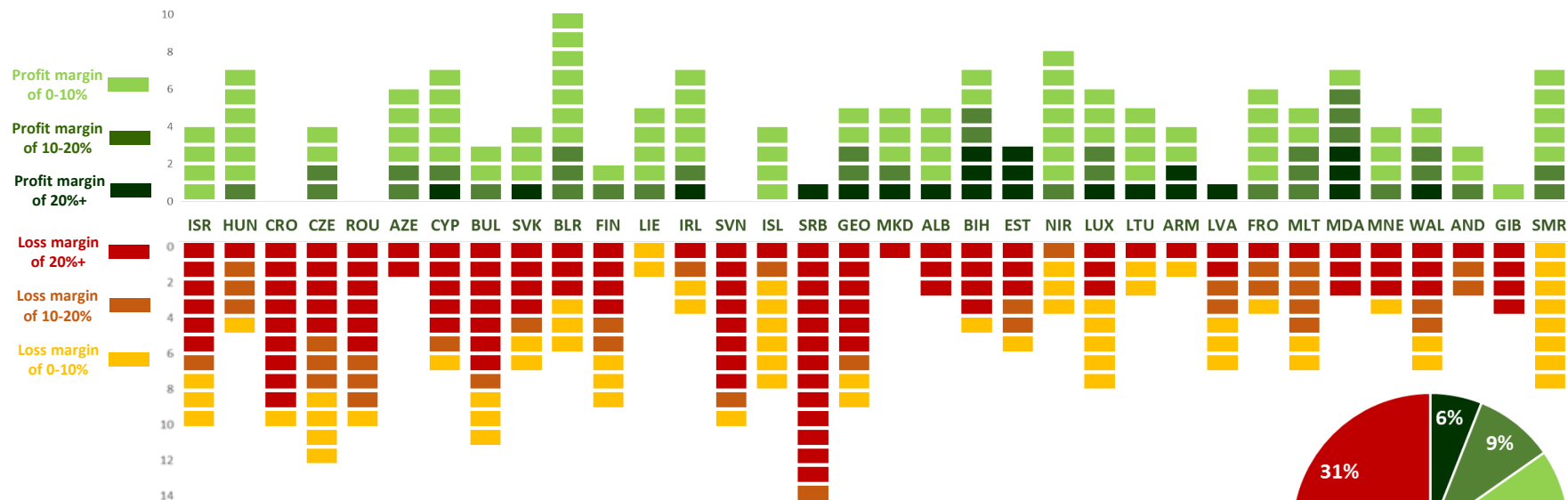
The majority of clubs in England, Germany, Spain, Italy and Russia generate operating profits, while the majority of clubs in other 'top 20' leagues generate operating losses and rely on transfer profits from talent development to trade back to profitability.



* Data was available for all clubs in the top 20 leagues analysed on this page, with the exception of one Italian, two Ukrainian and six Portuguese clubs. The club-by-club analysis for these leagues is therefore limited to 19, 12 and 12 clubs respectively.

Underlying operating profitability outside the top 20 leagues

Operating profits and losses in leagues 21-54*



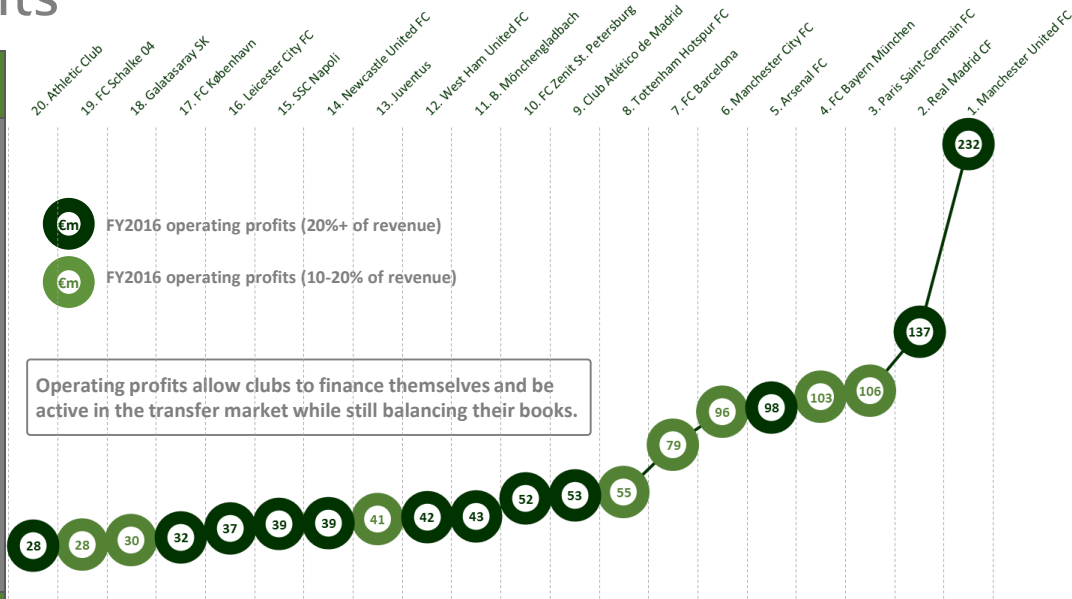
Three leagues, Croatia, Romania and Slovenia, had no clubs report operating profits (before transfers) in FY2016. Indeed the majority of clubs in these leagues had an operating loss margin of more than 20% meaning that wages and operating costs were at least 120% of revenues.

* Data was available for all clubs in the majority of leagues analysed on this page and for 366 of the 393 total top-division clubs from leagues 21 to 54. The most incomplete data is for Gibraltar (5 out of 10 clubs), FYR Macedonia (6 out of 10), Montenegro (8 out of 12) and Romania (14 out of 18).

Top 20 club operating profits

Top 20 clubs by operating profit

Rank	Club	Country	FY16 operating profit	Operating profit margin %	FY16 revenue rank	UEFA competition(s) in financial year	Frequency op. profit last 6 seasons
1	Manchester United FC	ENG	€232m	34%	1	UCL GS/ UEL R16	6x
2	Real Madrid CF	ESP	€137m	22%	3	UCL F	6x
3	Paris Saint-Germain FC	FRA	€106m	20%	5	UCL QF	6x
4	FC Bayern München	GER	€103m	17%	4	UCL SF	6x
5	Arsenal FC	ENG	€98m	21%	7	UCL R16	6x
6	Manchester City FC	ENG	€96m	18%	6	UCL SF	4x
7	FC Barcelona	ESP	€79m	13%	2	UCL QF	6x
8	Tottenham Hotspur FC	ENG	€55m	19%	12	UEL R16	6x
9	Club Atlético de Madrid	ESP	€53m	23%	14	UCL F	6x
10	FC Zenit St. Petersburg	RUS	€52m	29%	21	UEL GS	5x
11	B. Mönchengladbach	GER	€43m	28%	28	UCL GS	6x
12	West Ham United FC	ENG	€42m	22%	19	UEL 3QR	5x
13	Juventus	ITA	€41m	12%	10	UCL R16	4x
14	Newcastle United FC	ENG	€39m	23%	23		6x
15	SSC Napoli	ITA	€39m	27%	31	UEL R32	6x
16	Leicester City FC	ENG	€37m	21%	22		n/a
17	FC København	DEN	€32m	44%	65	UCL GS	5x
18	Galatasaray SK	TUR	€30m	19%	27	UCL GS/ UEL R32	2x
19	FC Schalke 04	GER	€28m	13%	17	UEL R32/ UEL GS	6x
20	Athletic Club	ESP	€28m	24%	42	UEL QF	5x
1-20	Average		€68m	22%	18	UCL 12x	5.4x
1-20	Aggregate		€1,369m	21%	8 of top10	No UCL/UEL 2x	102x



The clubs generating the seven largest operating profits clubs in FY2016 are the seven largest clubs by revenue. The largest of these clubs, Manchester United FC, has exceeded the previous record club operating profits for the second year in a row.

The majority of the clubs featuring in the list have generated profits in each of the last six seasons, highlighting the underlying profitability of the top clubs, which is growing year by year as revenue growth is only part absorbed by wages and other operating costs. This is illustrated in the chart on the right which shows the year-on-year increase in operating profits at the top, with the 20 highest operating profits each year more than doubling in value over the last two cycles from €658m to €1,369m.

These are the operating profits which fuel transfer spending and allow many other clubs in Europe to pay high wages, run operating deficits and trade their way back to break-even.

Sum of 20 highest club operating profits:
Evolution by year



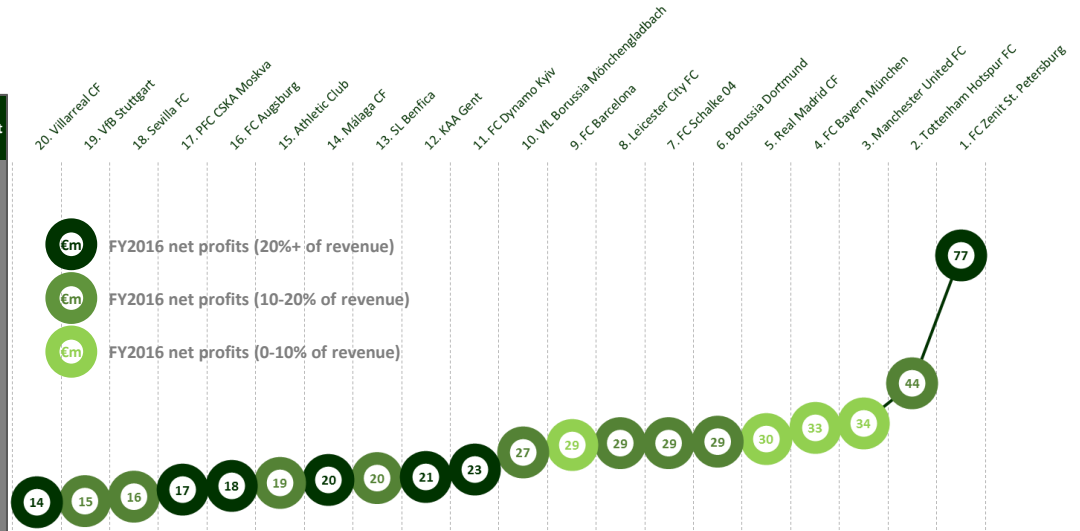
Top 20 bottom-line profits

Top 20 clubs by net profit*

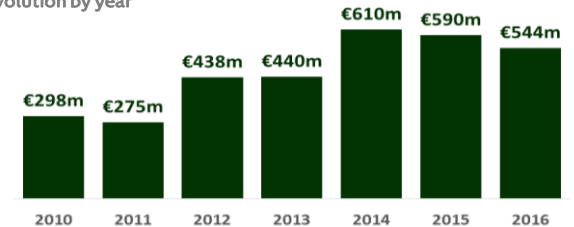
Rank	Club	Country	FY16 net profit	Net profit margin %	FY16 revenue rank	UEFA competition(s) in financial year	Frequency net profit last 6 seasons
1	FC Zenit St. Petersburg	RUS	€77m	42%	21	UCL R16/ UEL GS	3
2	Tottenham Hotspur FC	ENG	€44m	16%	12	UEL R16	5
3	Manchester United FC	ENG	€34m	5%	1	UCL GS/ UEL R16	4
4	FC Bayern München	GER	€33m	6%	4	UCL SF	6
5	Real Madrid CF	ESP	€30m	5%	3	UCL F	6
6	Borussia Dortmund	GER	€29m	10%	11	UEL QF	6
7	FC Schalke 04	GER	€29m	13%	17	UEL R32/ UEL GS	5
8	Leicester City FC	ENG	€29m	17%	22		2
9	FC Barcelona	ESP	€29m	5%	2	UCL QF	5
10	B. Mönchengladbach	GER	€27m	17%	28	UCL GS	5
11	FC Dynamo Kyiv	UKR	€23m	65%	114	UCL R16/ UCL GS	4
12	KAA Gent	BEL	€21m	30%	73	UCL R16	4
13	SL Benfica	POR	€20m	16%	39	UCL QF	3
14	Málaga CF	ESP	€20m	35%	84		3
15	Athletic Club	ESP	€19m	17%	45	UEL QF	5
16	FC Augsburg	GER	€18m	23%	59	UEL R32	5
17	PFC CSKA Moskva	RUS	€17m	33%	92	UCL GS	1
18	Sevilla FC	ESP	€16m	13%	41	UCL GS/ UEL F	5
19	VfB Stuttgart	GER	€15m	15%	54		2
20	Villarreal CF	ESP	€14m	24%	61	UEL SF	2
1-20	Average		€27m	20%	39	UCL 11x	70%
1-20	Aggregate		€544m	12%	4 of top10	No UCL/UEL 3x	81

FC Zenit's net profit of €77m is the third largest on record and came courtesy of a large net profit on transfers. The top 20 list includes six German clubs, six Spanish clubs, three English clubs and five clubs from other leagues. All five from the other leagues generated net income from transfers. By contrast, more than half the clubs from the three top leagues reported net profits despite having net costs from transfers.

Just over half the clubs featuring in the top 20 competed in the UEFA Champions League during FY2016. While the clubs in this year's list regularly report net profits (70% incidence over the last six years), only three have reported a net profit in every one of the last six years (FC Bayern, Real Madrid and Borussia Dortmund).

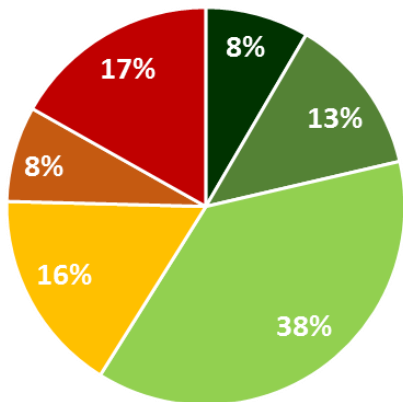
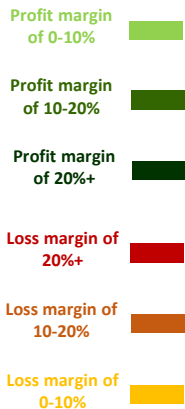


Sum of 20 highest club bottom-line net profits: Evolution by year



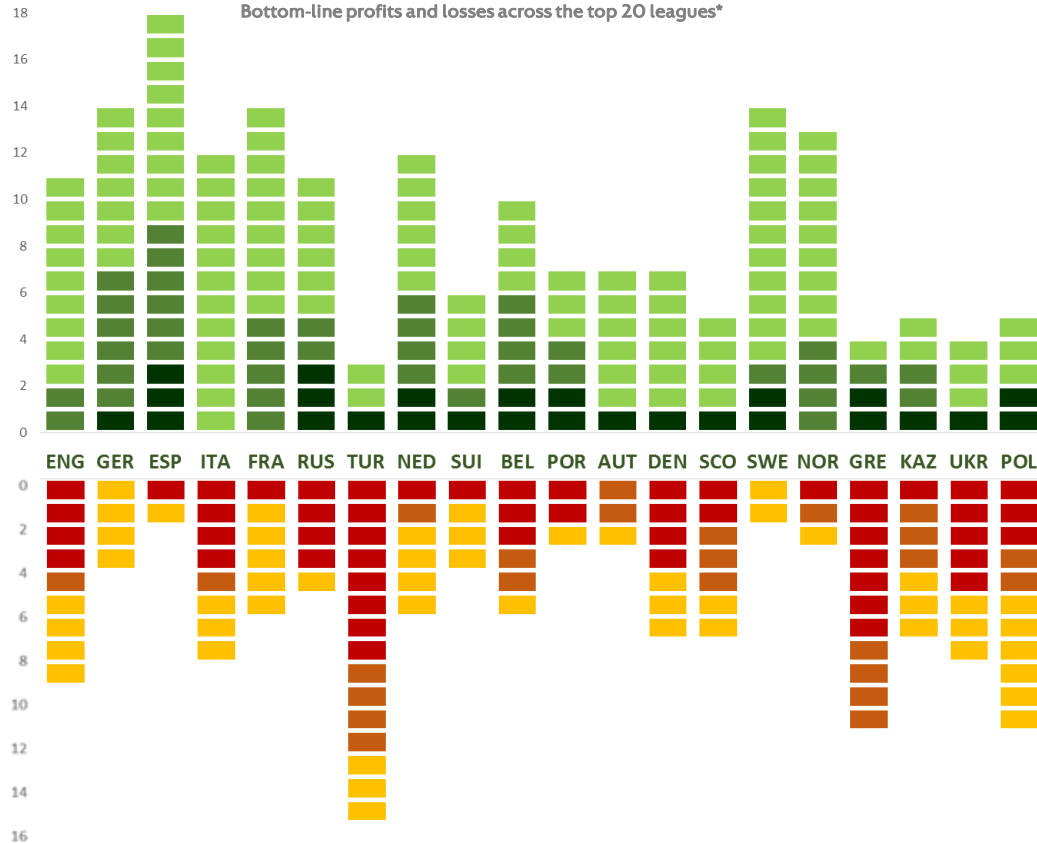
Bottom-line profits across the top 20 leagues

Last year's report highlighted that more than half (51%) of the clubs from the top 20 leagues reported bottom-line profits for the first time ever. This positive trend has continued, with 59% of clubs reporting bottom-line profits in FY2016. A significant improvement. This share of profitable and loss-making clubs has to be considered in the context of club football, where the majority of club owners view breaking even with hope rather than expectation, in contrast to most commercial activities, where the central objective is to generate steady profit margins.



The turnaround in profitability in the English and Spanish top divisions is particularly noticeable, with 11 English and 18 Spanish top-tier clubs reporting profits in FY2016.* To give a little perspective, bottom-line profits were reported by just four English clubs in FY2010 and just seven Spanish clubs in FY2011.

Bottom-line profits and losses across the top 20 leagues*



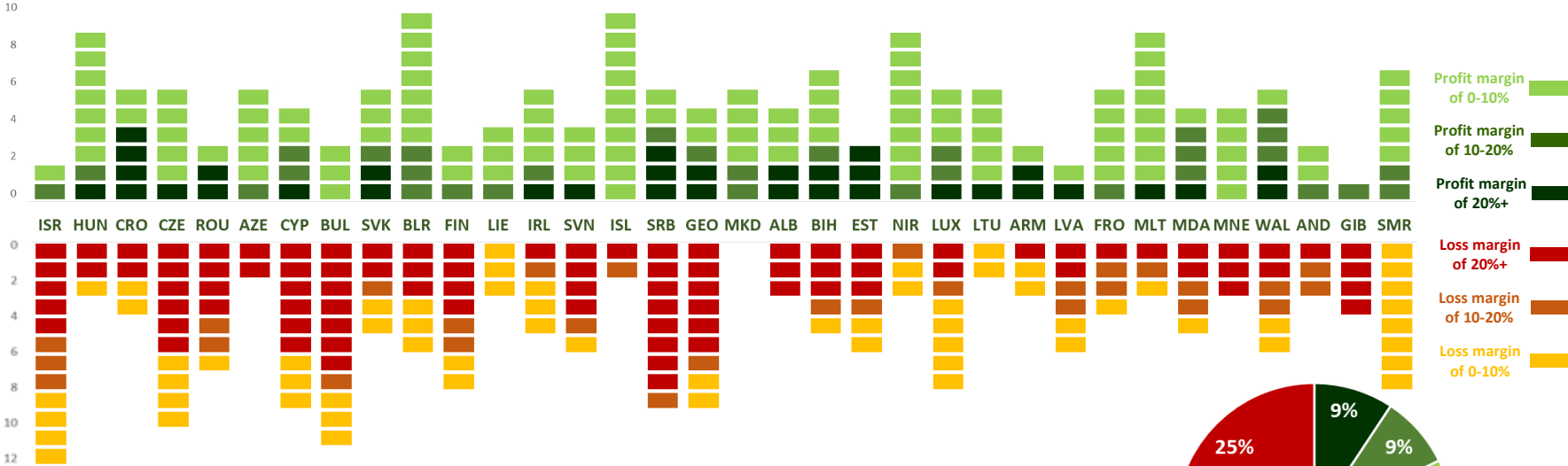
* Data was available for all clubs in the top 20 leagues analysed on this page, with the exception of one Greek and eight Portuguese clubs. The club-by-club analysis for these leagues is therefore limited to 15 and 10 clubs respectively. In addition, the analysis uses FY2015 data for one Spanish club.

Bottom-line profits outside the top 20 leagues

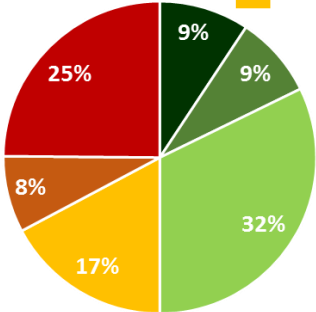
For the first time on record, half of the clubs outside the 'top 20' leagues reported bottom-line profits, with a notable increase from 45% profitable in FY2015 to 50% in FY2016.

Every league in Europe had at least one profitable club

Net profits and losses in leagues 21 to 54



Many of the clubs in this group are too small to be assessed under the break-even rule, their relevant incomes and costs amounting to less than €5m. Given the number of clubs spending at least €6 for every €5 they make (loss margin of 20%+), the reliance on benefactors and occasional income from transfers and training compensation remains apparent. In a number of countries, profitability remains the exception rather than the rule.





CHAPTER

10

Balance sheets

Balance sheet highlights

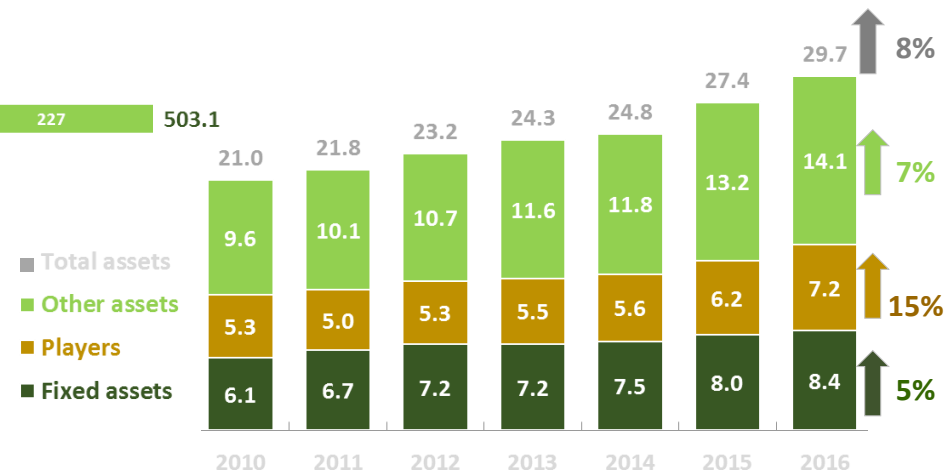
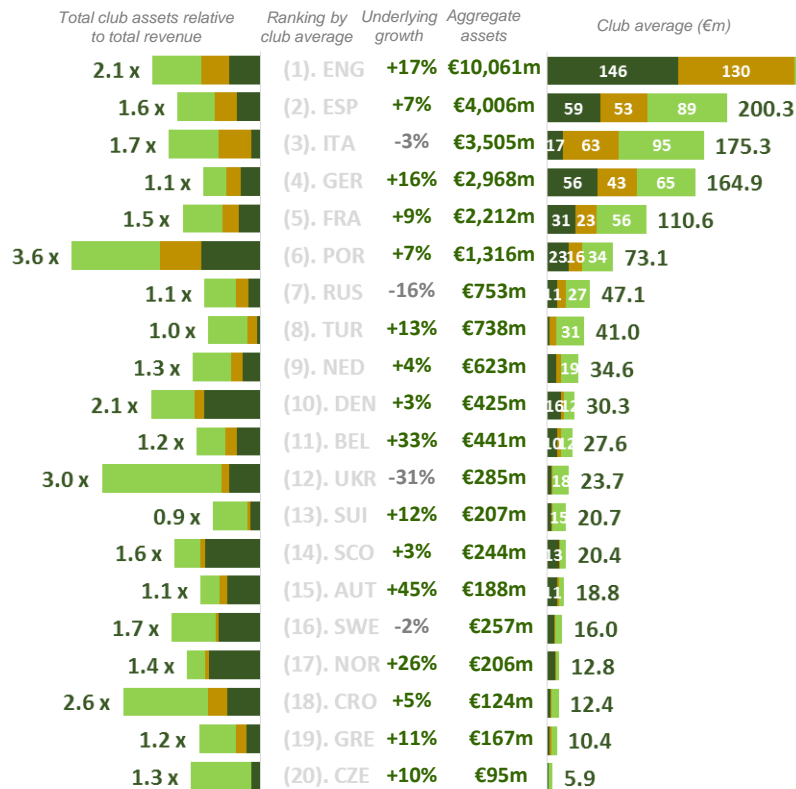
For the first time on record, club investments in stadiums, training facilities and other fixed assets exceeded €1bn in 2016

Net club debt continues to fall, from 65% of revenue before the introduction of financial fair play in 2011 to 40% in 2015 and now just 35% in 2016

Club net assets (assets > liabilities and debts) have increased for the sixth consecutive year, more than doubling to €6.7bn since the introduction of financial fair play

All asset classes growing

The top 20 leagues by average club assets



Evolution In European top-division club assets (€m)

The asset base of European club football jumped by 8% in FY2016 and now stands at just under €30bn. Since the phasing in of the financial fair play requirements starting in 2010, €2.3bn has been added to the balance sheet value of fixed assets, primarily through stadiums, training facilities and other infrastructure.

Significant variation in size of assets relative to revenue across leagues

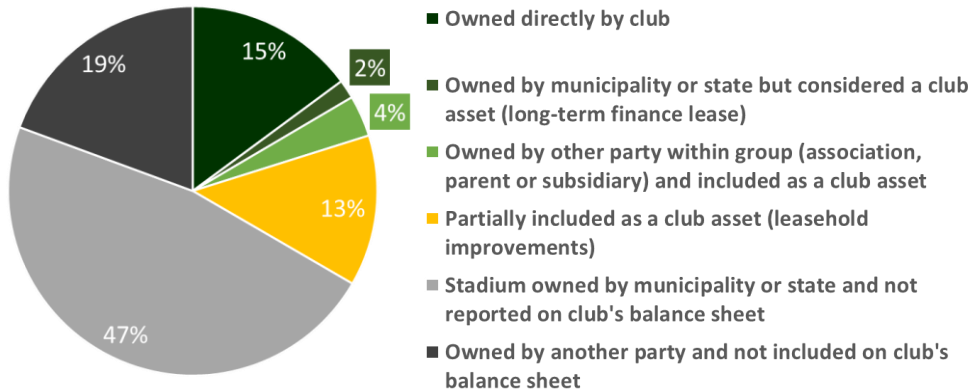
The value of club assets and size relative to revenue varies considerably between clubs and between leagues. English clubs have more than a third of all European club assets and their asset to revenue ratio of 2.1x is relatively high. Elsewhere, the Portuguese, Ukrainian and Danish leagues are the others where club asset bases are equivalent to more than two times annual revenue.

European club stadium ownership at only 20%

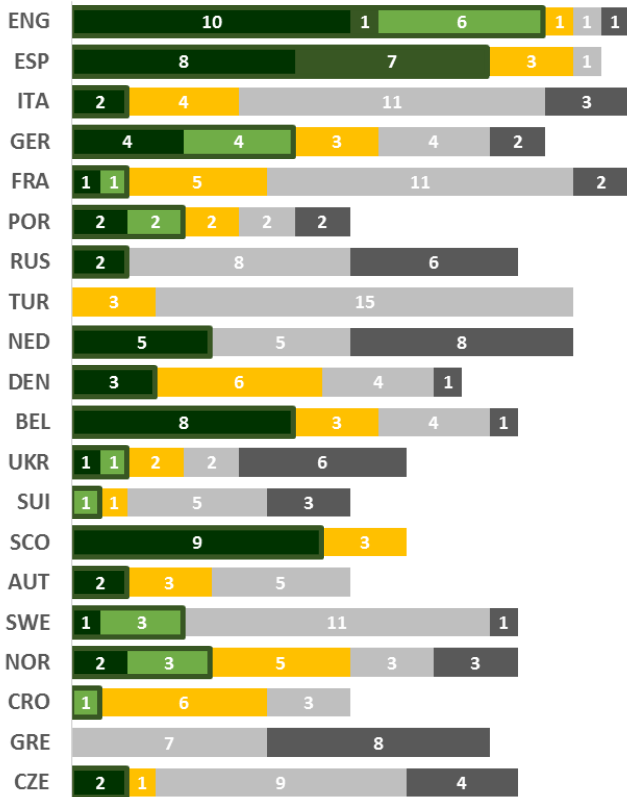
Top-division club stadium ownership

Stadium ownership remains the exception rather than the rule for most European clubs. In total, only 15% of Europe's top-tier clubs directly own their stadium and just 21% include their stadium on their balance sheets. The majority of clubs have their stadium on their balance sheet in just four top-tier European leagues: in England (17 out of 20 clubs), Northern Ireland (7 out of 12 clubs), Scotland (9 out of 12 clubs) and Spain (15 out of 20 clubs).

Top-division club stadium ownership

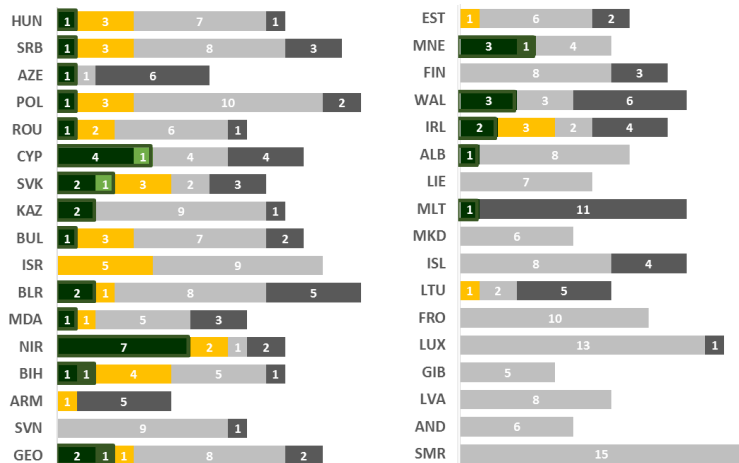


Stadium ownership in the top 20 leagues by average club assets



Profile of European club stadium ownership

Stadium ownership in other leagues:



Stadium ownership remains even more the exception outside of the top 20 leagues, with only Cyprus, Montenegro, Northern Ireland and Wales reporting three or more clubs directly owning their stadium. In total, there are 19 top tier-leagues in Europe where no clubs directly own their own stadium.

- Owned directly by club
- Owned by municipality or state but considered a club asset (long-term finance lease)
- Owned by other party within group (association, parent or subsidiary) and included as a club asset
- Partially included as a club asset (leasehold improvements)
- Stadium owned by municipality or state and not reported on club's balance sheet
- Owned by another party and not included on club's balance sheet

While directly or indirectly owning a stadium (through a long-term finance lease or within the group) provides a club with a stable base, a club's ability to improve the quality of its facilities, modernise the stadium and diversify revenues depends on the type of lease agreement between the club and the stadium owner or operator. The inclusion of leasehold improvements on club balance sheets (yellow colour in chart) provides some indication of where clubs have been able to invest in improving stadium facilities despite not having any type of stadium ownership.

Record level of stadium investment

Increases of €50m+ in book value of tangible fixed assets between 2010 and 2016*

Rank	Club name	Country	TFA 2016	Increase 2016 v 2010	Type of expansion	Fixed asset additions 2016
1	Olympique Lyonnais	FRA	€421m	€401m	New stadium	€108m
2	Manchester City FC	ENG	€541m	€262m	Redeveloped stadium, New training	€27m
3	FC Bayern München	GER	€260m	€236m	Stadium into club	€21m
4	Tottenham Hotspur FC	ENG	€385m	€221m	New stadium in progress, New training	€108m
5	Borussia Dortmund	GER	€188m	€160m	Stadium into club	€10m
6	FC Porto	POR	€140m	€137m	Stadium into club	€3m
7	Club Atlético de Madrid	ESP	€141m	€133m	New stadium in progress	€82m
8	PFC CSKA Moskva	RUS	€131m	€131m	New stadium	€27m
9	Bayer 04 Leverkusen	GER	€109m	€99m	Stadium into club	€3m
10	Juventus	ITA	€161m	€92m	New stadium	€9m
11	FC Schalke 04	GER	€97m	€84m	Stadium into club	€6m
12	TSG 1899 Hoffenheim	GER	€83m	€79m	New stadium	€2m
13	Paris Saint-Germain FC	FRA	€79m	€76m	Renovated stadium, New training	€21m
14	Liverpool FC	ENG	€173m	€69m	Redeveloped stadium	€90m
15	Hamburger SV	GER	€63m	€61m	Stadium into club	€2m
16	SK Rapid Wien	AUT	€55m	€54m	New stadium	€38m
17	Real Madrid CF	ESP	€334m	€52m	Upgrades stadium, training	€0m
18	Udinese Calcio	ITA	€51m	€51m	Redeveloped stadium	€46m

Evolution of club investment (fixed asset additions) €m

For the first time since data has been tracked, European top-division clubs invested more than €1bn in new fixed assets in FY2016.

The €1bn in new fixed-asset additions, invested mainly in stadium and training facilities and complexes, eclipsed the €996m invested during FY2015 and comfortably exceeds the €670m invested during FY2014.

Eleven clubs each invested more than €20m in new fixed assets during FY2016, with a further two clubs transferring assets of this value into the club. The FY2016 investment was headed by Olympique Lyonnais and Tottenham Hotspur FC, who both added €108m to their fixed assets, the former finishing their new stadium and the latter starting their new stadium build.

Club investment since the introduction of financial fair play

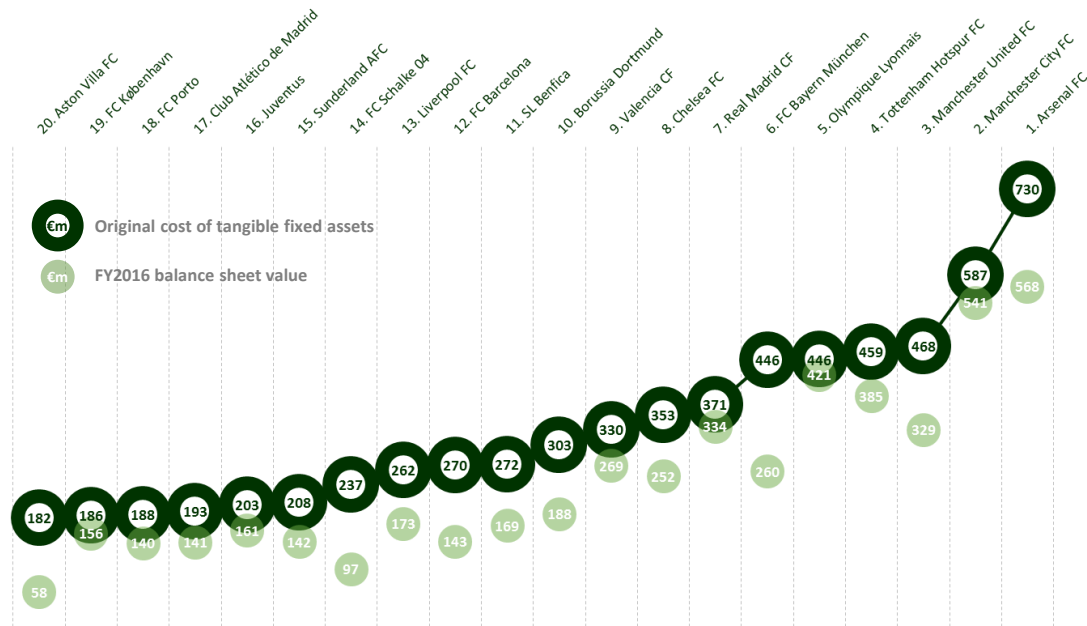
A total of 50 clubs from 23 different countries have increased the book value of their tangible fixed assets by at least €10m between the end of 2010 and the end of 2016. This includes the 18 clubs listed in the table to the left, whose fixed asset value in their books has increased by more than €50m, of which 12 have built new assets and six have shifted their stadium into the club's reporting perimeter.

* Fixed assets include stadiums, land, other facilities such as training complexes, stadiums and other facilities under construction, motor vehicles and various equipment and fixtures and fittings. The terms 'stadium investments' and 'fixed asset investments' are used interchangeably in this report, as stadiums account for the vast majority of fixed assets by value, as evidenced by the fact that the top 30 clubs by balance sheet fixed assets all either own their stadium, have a long-term finance lease (treated the same as ownership) or are in the process of building a stadium of their own.

Top 20 clubs by total stadium and facilities investment

The top 20 stadium/fixed-asset investments*

Rank	Club	Country	Original fixed asset costs	Balance sheet value	Depreciation	Multiple assets cost to revenue
1	Arsenal FC	ENG	€730m	€568m	22%	1.5 x
2	Manchester City FC	ENG	€587m	€541m	8%	1.1 x
3	Manchester United FC	ENG	€468m	€329m	30%	0.7 x
4	Tottenham Hotspur FC	ENG	€459m	€385m	16%	1.6 x
5	Olympique Lyonnais	FRA	€446m	€421m	6%	2.8 x
6	FC Bayern München	GER	€446m	€260m	42%	0.8 x
7	Real Madrid CF	ESP	€371m	€334m	10%	0.6 x
8	Chelsea FC	ENG	€353m	€252m	29%	0.8 x
9	Valencia CF	ESP	€330m	€269m	18%	2.8 x
10	Borussia Dortmund	GER	€303m	€188m	38%	2.0 x
11	SL Benfica	POR	€272m	€169m	38%	2.2 x
12	FC Barcelona	ESP	€270m	€143m	47%	0.4 x
13	Liverpool FC	ENG	€262m	€173m	34%	0.6 x
14	FC Schalke 04	GER	€237m	€97m	59%	1.1 x
15	Sunderland AFC	ENG	€208m	€142m	32%	1.5 x
16	Juventus	ITA	€203m	€161m	21%	0.6 x
17	Club Atlético de Madrid	ESP	€193m	€141m	27%	0.6 x
18	FC Porto	POR	€188m	€140m	25%	2.5 x
19	FC København	DEN	€186m	€156m	16%	2.5 x
20	Aston Villa FC	ENG	€182m	€58m	68%	1.2 x
1-20	Average		€335m	€246m	26%	1.4 x
1-20	Aggregate		€6,693m	€4,927m	26%	1.0 x



The top 20 for FY2016 includes eight English clubs, four Spanish clubs, three German clubs, two Portuguese clubs and one club each from Denmark, France and Italy. The €4.9bn included in the balance sheets of these 20 clubs represents a high proportion (59%) of all top-division clubs' tangible fixed assets.

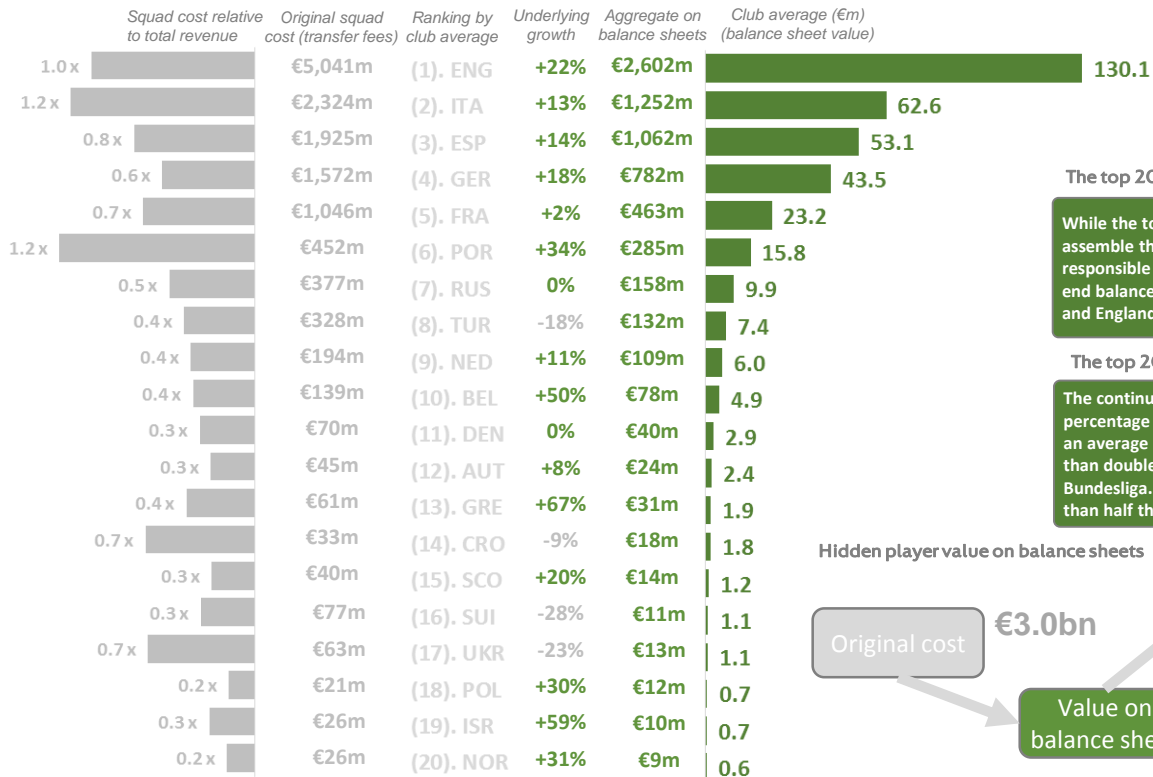
It is noticeable that 11 of the top 12 clubs by revenue also appear among the top 20 clubs by fixed asset investments, with only Paris Saint-Germain FC not appearing.

The level of depreciation of tangible fixed assets is impacted by the age of the assets but also by the accounting treatment (period over which assets are written down in value) and the mix of assets (stadium, land and other fixed assets). The balance sheet value and original investment cost are close for clubs with relatively new stadium investments such as Olympique Lyonnais and Manchester City.

* Fixed assets include stadiums, land, other facilities such as training complexes, stadiums and other facilities under construction, motor vehicles and various equipment and fixtures and fittings. The terms 'stadium investments' and 'fixed asset investments' are used interchangeably in this report, as stadiums account for the vast majority of fixed assets by value, as evidenced by the fact that the top 30 clubs by balance sheet fixed assets all either own their stadium, have a long-term finance lease (treated the same as ownership) or are in the process of building a stadium of their own.

Player assets by league

The top 20 leagues by average club player balance sheet value



The figures included in this section of the report were taken at a fixed point in time (financial year end) and are therefore not as up to date as the data in the transfers section of this report or other transfer market reviews published by sports agencies or consultancies. Nonetheless, the figures used here are the only market-wide figures covering national and cross-border transfer activity that are based on independently audited and verified transfer fees and can therefore be considered an authoritative snapshot.

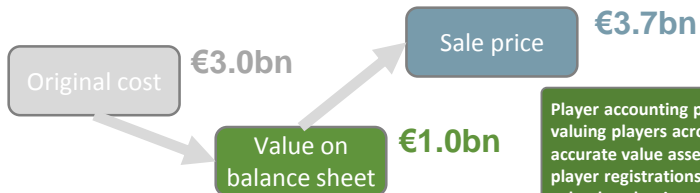
The top 20 leagues by average player assets

While the total balance sheet value of players is €7.2bn, the total original transfer fees paid to assemble these squads stood at €14bn at the end of FY2016.* English and Italian clubs are responsible for over half of the cumulative European top-division transfer spending and year-end balance sheet value. Cumulative transfer fees are also relatively high in Italy, Portugal and England when compared with annual revenue.

The top 20 markets

The continued high transfer spending of English Premier League clubs has increased the percentage of balance sheet value attributed to players from 34% to 36%. English clubs had an average of €130m on their balance sheets in intangible player assets in FY2016 – more than double the Serie A average of €63m and three times the average for clubs in the German Bundesliga. Intangible fixed assets (players) increased for 16 of the 20 top leagues, with more than half the leagues reporting double-digit growth, reflecting transfer-fee inflation.

Hidden player value on balance sheets



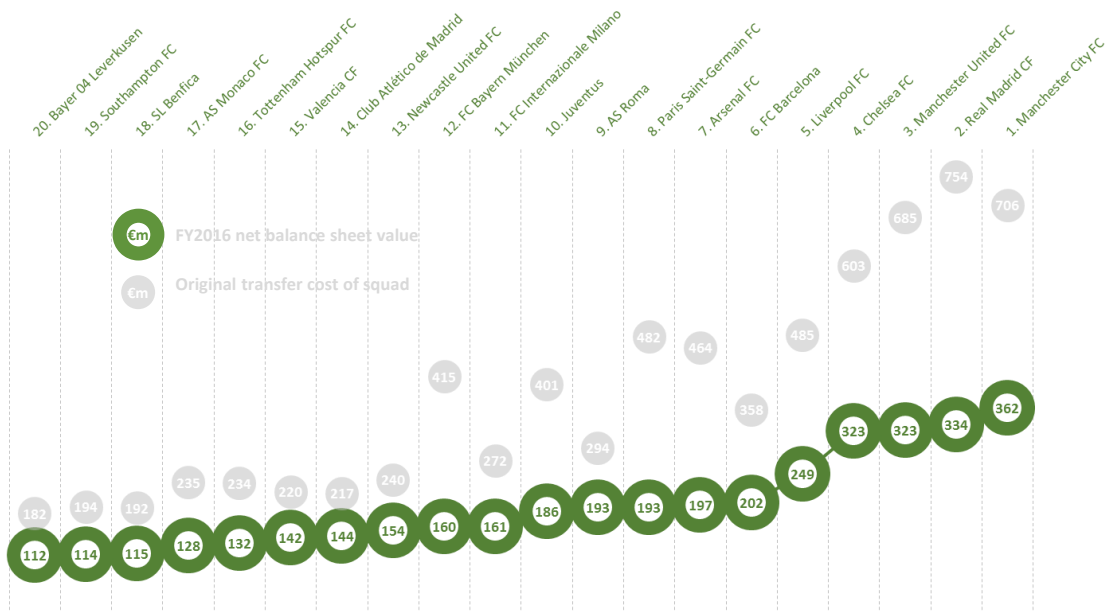
Player accounting provides a consistent means of valuing players across all clubs but it is not a particularly accurate value assessment for club balance sheets. The player registrations sold in FY2016 for €3.7bn were valued at the time of sale at just €1bn.

* Total transfer fees are obtained from the detailed notes to each club's financial statements, which state the combined transfer costs of the players on their books at the start and end of the financial year. These have been externally audited by qualified independent accountants and can therefore be considered more accurate than other transfer figures that appear in the print media, in reports or on websites.

Top 20 clubs by player assets

The top 20 clubs by player **balance sheet value** and original transfer cost

Rank	Club	Country	Players' balance sheet value	Original transfer cost of squad	Balance sheet value as % cost	Squad cost as multiple of club revenue
1	Manchester City FC	ENG	€362m	€706m	51%	1.3 x
2	Real Madrid CF	ESP	€334m	€754m	44%	1.2 x
3	Manchester United FC	ENG	€323m	€685m	47%	1.0 x
4	Chelsea FC	ENG	€323m	€603m	54%	1.4 x
5	Liverpool FC	ENG	€249m	€485m	51%	1.2 x
6	FC Barcelona	ESP	€202m	€358m	56%	0.6 x
7	Arsenal FC	ENG	€197m	€464m	42%	1.0 x
8	Paris Saint-Germain FC	FRA	€193m	€482m	40%	0.9 x
9	AS Roma	ITA	€193m	€294m	66%	1.3 x
10	Juventus	ITA	€186m	€401m	46%	1.2 x
11	FC Internazionale Milano	ITA	€161m	€272m	59%	1.3 x
12	FC Bayern München	GER	€160m	€415m	39%	0.7 x
13	Newcastle United FC	ENG	€154m	€240m	64%	1.4 x
14	Club Atlético de Madrid	ESP	€144m	€217m	67%	0.9 x
15	Valencia CF	ESP	€142m	€220m	65%	1.8 x
16	Tottenham Hotspur FC	ENG	€132m	€234m	56%	0.8 x
17	AS Monaco FC	FRA	€128m	€235m	54%	3.2 x
18	SL Benfica	POR	€115m	€192m	60%	1.5 x
19	Southampton FC	ENG	€114m	€194m	59%	1.2 x
20	Bayer 04 Leverkusen	GER	€112m	€182m	61%	1.0 x
1-20	Average		€196m	€382m	54%	1.3 x
1-20	Aggregate		€3,923m	€7,630m	51%	1.1 x



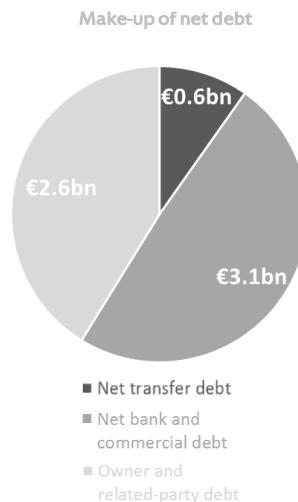
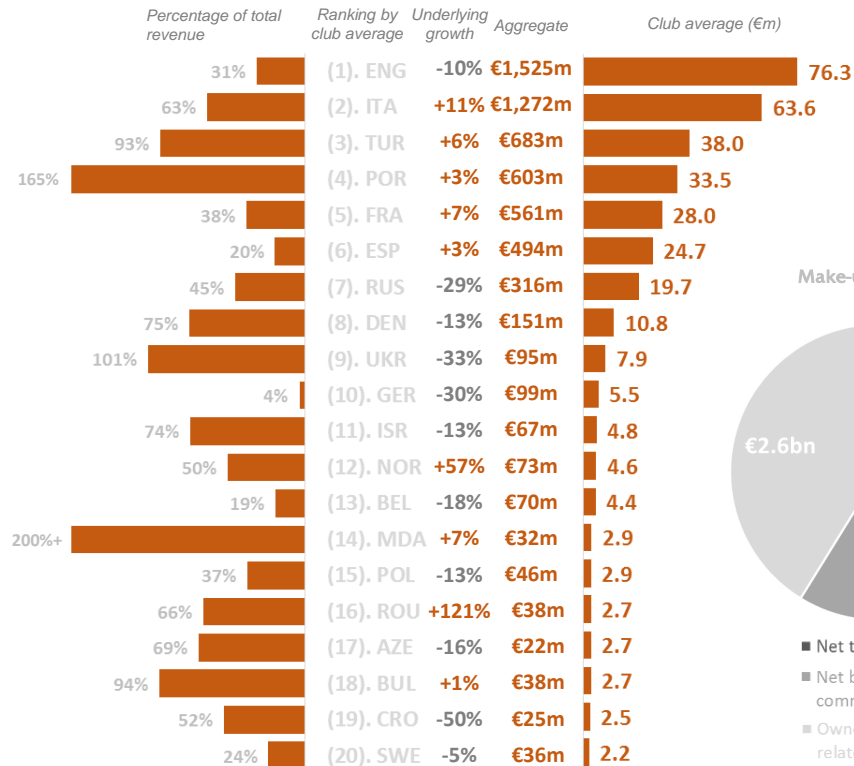
The top 20 features clubs with €3.9bn in player transfers remaining as assets on their balance sheets. These players originally cost €7.6bn in combined transfer fees, meaning that the value remaining on the balance sheet is equivalent to 51% of the original transfer fee. Both the net book value and the original transfer cost of the top 20 squads have increased by 10% compared with FY2015, reflecting appreciating transfer prices. In relative terms, the average top 20 squad cost of €382m is equivalent to 1.3 times the FY2016 club revenues.

Manchester City FC overtook Real Madrid CF as having the highest value of players in their balance sheet (€362m), although the full original transfer cost of Real Madrid's squad (€721m) was still the highest. Relative to annual club revenue, the most affordable squads among the top 20 are FC Barcelona (squad cost of 0.6x revenue), FC Bayern München (0.7x) and Tottenham Hotspur FC (0.8x).

At the other end of the scale AS Monaco FC had comfortably the highest squad cost relative to revenues (3.2x), although a number of high-cost players were out on loan (still retained on balance sheet) and the squad has been significantly restructured in the last 18 months as highlighted in the transfers section of this report.

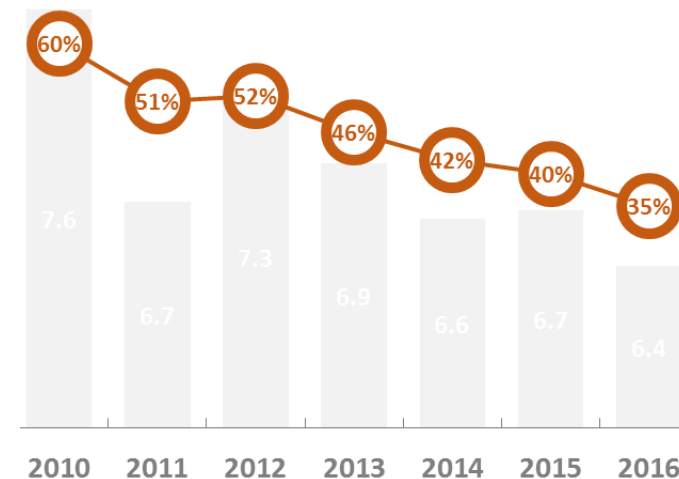
Club net debts continuing to fall

The top 20 leagues by average club net debt*



Evolution in net debt*

Net debt can be calculated in various ways, but the definition in the UEFA Club Licensing and Financial Fair Play Regulations includes net borrowings (i.e. bank overdrafts and loans, other loans and accounts payable to related parties less cash and cash equivalents) and the net player transfer balance (i.e. the net of accounts receivable and payable from player transfers).



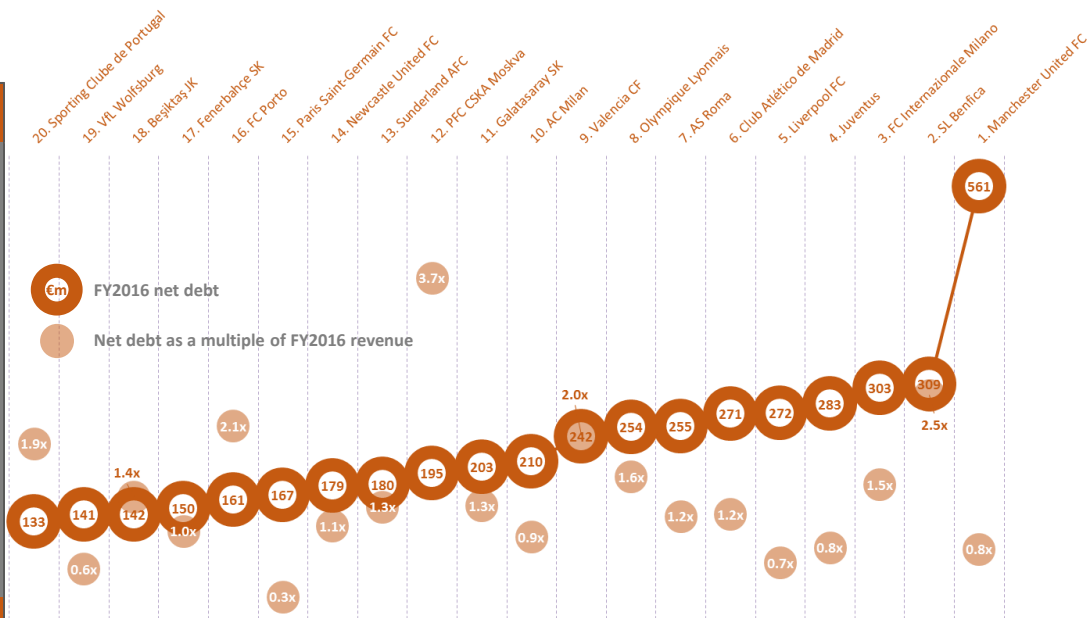
The combined net debt of Europe's top-division clubs has decreased notably in the last six years, from the equivalent of 60% of revenue to 35% of revenue at the end of FY2016.

* Net debt is calculated as per the definition in the UEFA Club Licensing and Financial Fair Play Regulations, which nets bank overdrafts, bank and other loans, related-party loans and payables and transfer payables against transfer receivables and cash balances. Some other liabilities, including debts to tax authorities or employees, are not included in this definition but may nonetheless attract finance charges. Gross debt includes all the items above (without taking into account cash balances and transfer receivables).

Top 20 clubs by net debt

The top 20 clubs by net debt*

Rank	Club	Country	FY16 net debt	Year-on-year growth %	Multiple of revenue	Multiple of LT assets**
1	Manchester United FC	ENG	€561m	5%	0.8 x	0.9 x
2	SL Benfica	POR	€309m	-8%	2.5 x	1.1 x
3	FC Internazionale Milano	ITA	€303m	-1%	1.5 x	1.7 x
4	Juventus	ITA	€283m	35%	0.8 x	0.8 x
5	Liverpool FC	ENG	€272m	66%	0.7 x	0.6 x
6	Club Atlético de Madrid	ESP	€271m	65%	1.2 x	0.9 x
7	AS Roma	ITA	€255m	23%	1.2 x	1.3 x
8	Olympique Lyonnais	FRA	€254m	59%	1.6 x	0.6 x
9	Valencia CF	ESP	€242m	-15%	2.0 x	0.6 x
10	AC Milan	ITA	€210m	-16%	0.9 x	1.7 x
11	Galatasaray SK	TUR	€203m	-9%	1.3 x	5.9 x
12	PFC CSKA Moskva	RUS	€195m	-13%	3.7 x	1.4 x
13	Sunderland AFC	ENG	€180m	-13%	1.3 x	0.9 x
14	Newcastle United FC	ENG	€179m	119%	1.1 x	0.7 x
15	Paris Saint-Germain FC	FRA	€167m	-10%	0.3 x	0.6 x
16	FC Porto	POR	€161m	30%	2.1 x	0.7 x
17	Fenerbahçe SK	TUR	€150m	-10%	1.0 x	3.8 x
18	Beşiktaş JK	TUR	€142m	7%	1.4 x	5.7 x
19	VfL Wolfsburg	GER	€141m	58%	0.6 x	1.1 x
20	Sporting Clube de Portugal	POR	€133m	29%	1.9 x	2.5 x
1-20	Average		€231m		1.4 x	1.7 x
1-20	Aggregate		€4,610m	11%	1.0 x	1.0 x



It is important to analyse net debt in context rather than in isolation, as the risk profile of debt to finance investment is clearly very different to debt taken to fund operating activities. The chart and table above include the ratio of net debt to revenue, which is used as a risk indicator for the purposes of financial fair play, and the debt to 'LT assets' ratio, which are often used as security against the debt and are often funded or part funded by debt.*

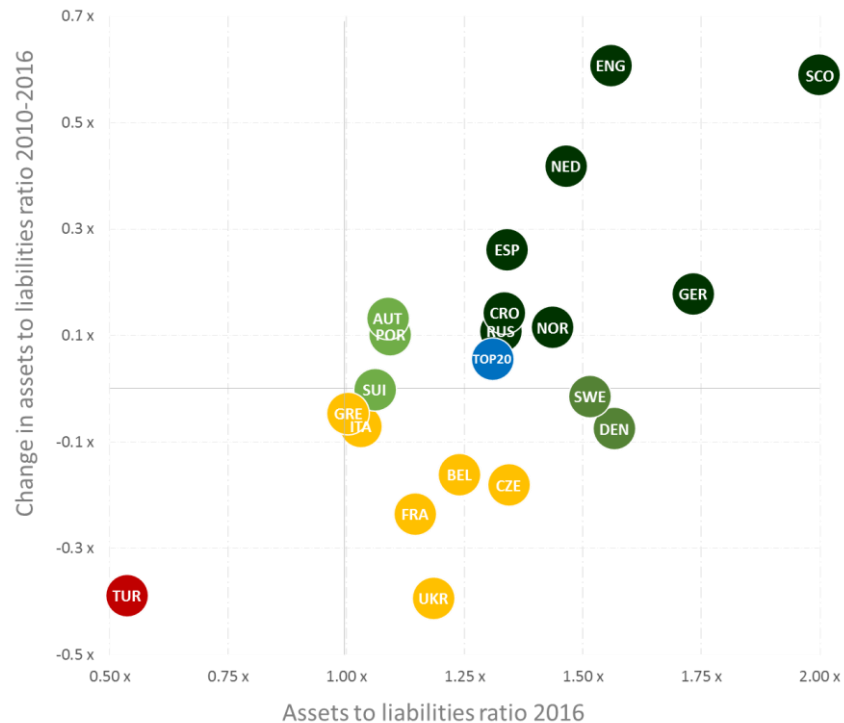
* Net debt is calculated as per the definition in the UEFA Club Licensing and Financial Fair Play Regulations, which nets bank overdrafts, bank and other loans, related-party loans and payables and transfer payables against transfer receivables and cash balances. Some other liabilities, including debts to tax authorities or employees, are not included in this definition but may nonetheless attract finance charges. Gross debt includes all the items above (without taking into account cash balances and transfer receivables).

** 'LT assets' is short hand for long-term assets and in this context are the sum of all tangible fixed assets and intangible player assets. They do not include other long-term assets such as goodwill or internally generated intangible assets.

Assets to liabilities ratios and trends

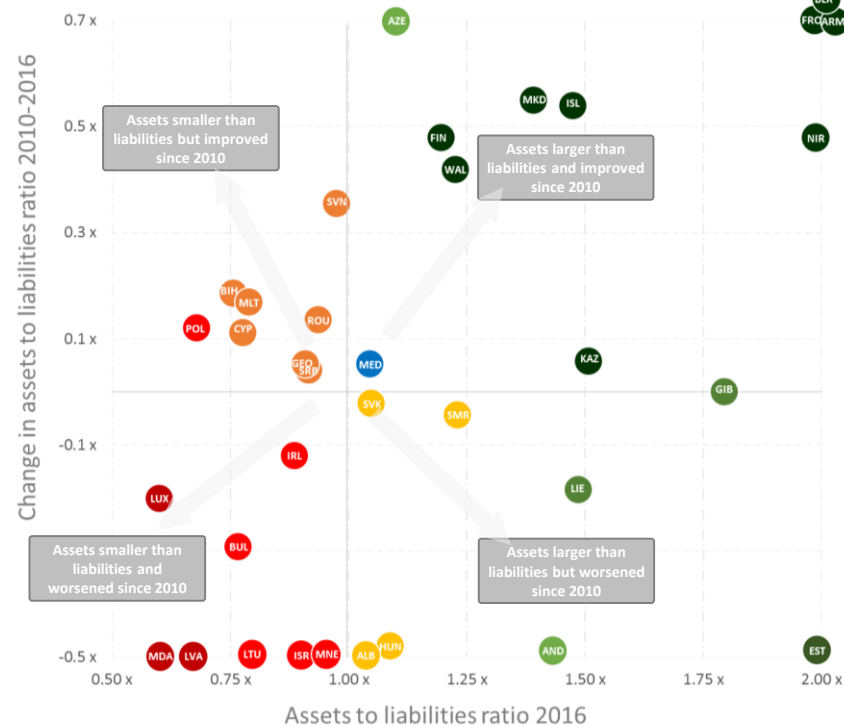
Ratio of assets to liabilities (debts and obligations) in the top 20 leagues and the change between FY2010 and FY2016*

Capitalisation (assets to liabilities ratio) evolution



Ratio of assets to liabilities (debts and obligations) in leagues 21 to 54 and the change between FY2010 and FY2016*

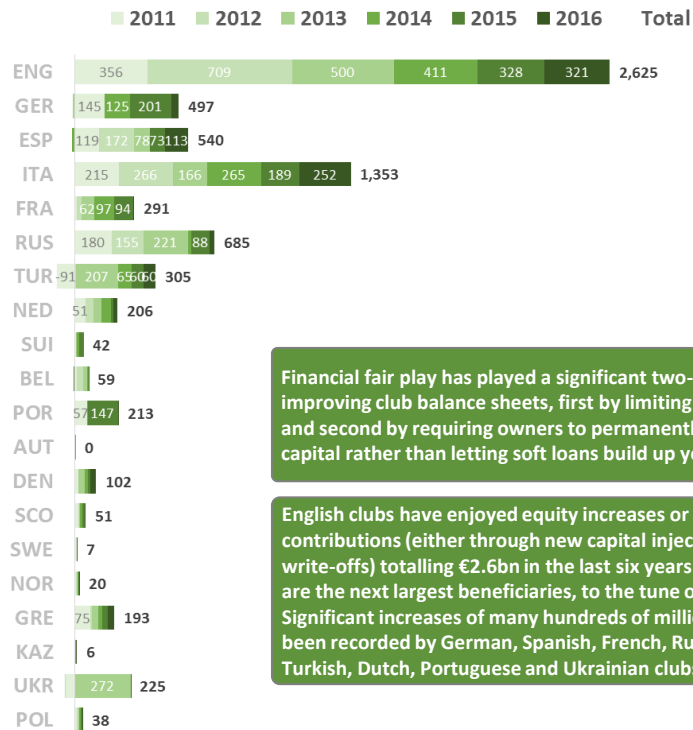
Capitalisation (assets to liabilities ratio) evolution



* The charts on this page illustrate the value of assets relative to liabilities (debts and obligations). A multiplier of more than 1x means the club has positive net equity, with assets larger than liabilities. The change in assets to liabilities ratios is measured on the y axis and indicates whether a ratio has improved or worsened from the end of 2010 to the end of 2016. The results are presented by league, i.e. the aggregate of all clubs within the league in each year, which is not necessarily the same in both years. The year-on-year comparison can also be affected by currency translation changes.

Club net assets doubled since FFP introduction

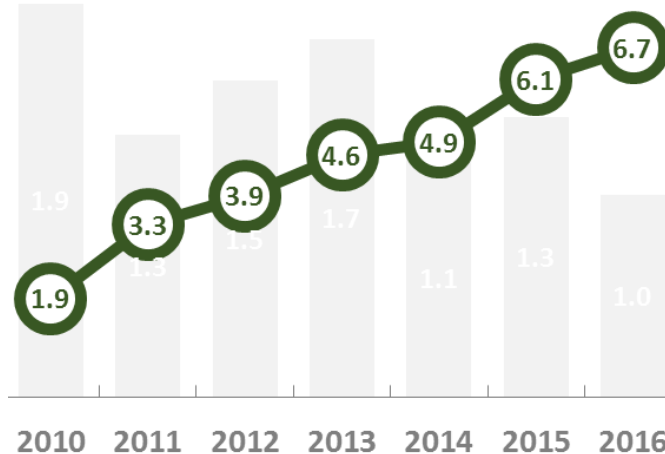
Summary of equity increases and capital contributions in the top 20 leagues since the introduction of financial fair play



Financial fair play has played a significant two-fold role in improving club balance sheets, first by limiting major losses and second by requiring owners to permanently inject capital rather than letting soft loans build up year after year.

English clubs have enjoyed equity increases or capital contributions (either through new capital injections or debt write-offs) totalling €2.6bn in the last six years. Italian clubs are the next largest beneficiaries, to the tune of €1.4bn. Significant increases of many hundreds of million have also been recorded by German, Spanish, French, Russian, Turkish, Dutch, Portuguese and Ukrainian clubs.

Evolution in European top-division club net equity (assets less liabilities; €billion) and annual capital contributions (€billion)



European club balance sheets have strengthened for the sixth consecutive year and they are significantly healthier for FY2016 than when financial fair play was approved in 2010.* Net equity, which represents assets less all debts and liabilities, has more than tripled, from €1.9bn to €6.7bn. This has been driven by owner contributions and capital increases of almost €10bn during this period, combined with decreasing club losses.

* The aggregated balance sheet evolution in European top-tier football is impacted by changes in club ownership, corporate restructurings and the mix of clubs in each top-tier league (promotions and relegations), as well as the financial performance and financing of those clubs. As highlighted in previous benchmarking reports, the large jump in net equity between FY2010 and FY2011 was largely due to a change in the reporting perimeter of a number of English and German clubs. The improvement since FY2011 (after the introduction of the break-even rule) is almost entirely due to increased owner capital contributions and the writing-off of owner debt, both of which are actively encouraged under the break-even requirements.

Appendix: Data sources and notes

Data sources and notes	
Underlying data source for financial figures: The European footballing landscape	Unless otherwise stated in the report, footnotes or this appendix, the financial figures used in this section have been taken directly from figures submitted through UEFA's online financial reporting tool by clubs or national associations in May and July 2017. These figures relate to the financial year ending in 2016, in most cases the year ending 31 December 2016. The figures have been extracted from financial statements prepared either using national accounting practices or the International Financial Reporting Standards and audited according to the International Standards on Auditing. The 20-year revenue and wage growth figures incorporate estimates for 1996 to 2006 based on top five data from the Deloitte Annual Review of Football Finance reports extrapolated across the missing leagues using a ratio of 68:32 (known top five data: extrapolated non-top-five data).
Sources for domestic competitions and supporters analysis (Chapter 1)	European league attendances are based on the figures published at www.european-football-statistics.co.uk/attn.htm , which features club-by-club figures covering the vast majority of European leagues. These are supplemented by figures provided to UEFA directly by leagues and national associations. The club website data was extracted from www.similarweb.com in November 2017. The social media data are taken directly from the relevant social media channels (www.facebook.com and twitter.com) in November 2017.
Sources for ownership analysis (Chapter 2)	Club ownership data was obtained from UEFA's online financial reporting tool over the course of the financial year 2016. In addition to the data submitted using this tool, desk research was performed in the beginning of October to include recent changes in club ownership structures. The ownership structures found in 15 of the financially biggest European football leagues were analysed.
Sources for sponsorship analysis (Chapter 3)	For the sponsorship section of this report data was extracted directly from figures submitted through UEFA's online financial reporting tool by clubs or national associations in May and July 2017. This information was complemented for the shirt sponsor and kit manufacturer value range analysis, with information of one of the official UEFA Intelligence partner Sportbusiness. The information with regards to the club football shirts were taken directly from the different club websites during the month October.
Sources for transfers and agents analyses (Chapters 4 and 5)	Overall net and gross transfer data on the 2017/18 transfer window were sourced from www.transfermarkt.com and analysed by UEFA. This dataset was supplemented by the information received through the clubs' financial statements, including the detailed intangible asset player roll-forward notes to the financial statements. Information with regards to the transfer windows for the 2017/18 season were taken from the FIFA TMS website, which the associations update directly. Aggregate data on agent commissions and player contract lengths were sourced from the clubs through their overdue transfer submissions to UEFA. Analysis on agent concentration and involvement in the 2017 summer transfer window was taken from Transfermarkt.com and supplemented by additional intelligence centre research.

Data sources and notes	
Club financial figures: short and long reporting periods in financial sections (Chapters 6 to 10)	Each year a number of clubs change their financial year end and in so doing extend or shorten their financial reporting period. For benchmarking purposes UEFA changes the profit and loss data if the period is shorter than 9 months or greater than 15 months. Periods exceeding 15 months would therefore be adjusted. Periods between 9 and 15 months are not adjusted.

Currency rates applied throughout report (euro exchange rates)									
Club financial data has been converted to euros for the purposes of comparison. The exchange rate applied is the average of 12 month-end rates. In many countries clubs' do not share the same financial year end so the 12 months used correspond to the financial period of each club. For example, the 2016 rate for English clubs with a May year end was 1.34792 and it was 1.31891 for those with a July year end. A full list of the exchange rates used is provided in the table below.									
Country	Year end (month)	Common year end or various	Currency	Average rate applied	Country	Year end (month)	Common year end or various	Currency	Average rate applied
ALB	12	Common	LEK	0.00729	ITA	6 / 12	Various	EURO	1.00000
AND	12	Common	EURO	1.00000	KAZ	12	Common	TENGE	0.00265
ARM	12	Common	DRAM	0.00189	LIE	6 / 12	Various	CHF	0.91884 / 0.91638
AUT	6	Common	EURO	1.00000	LTU	12	Common	EURO	1.00000
AZE	12	Common	MANAT	0.58911	LUX	12	Common	EURO	1.00000
BEL	6 / 12	Various	EURO	1.00000	LVA	12	Common	EURO	1.00000
BHR	12	Common	MARK	0.51133	MDA	12	Common	LEU	0.04546
BLR	12	Common	BYR	0.45965	MKD	12	Common	Denar	0.01624
BUL	12	Common	LEV	0.51130	MLT	12	Common	EURO	1.00000
CRO	12	Common	KUNA	0.13282	MNE	6 / 12	Various	EURO	1.00000
CYP	5 / 12	Various	EURO	1.00000	NED	6 / 12	Various	EURO	1.00000
CZE	6 / 12	Various	Kroner	0.03697 / 0.03699	NIR	4 / 5 / 12	Various	GBP	1.35632 / 1.34792 / 1.22488
DEN	6 / 12	Various	KRONE	0.13416 / 0.13434	NOR	12	Common	KRONER	0.10777
ENG	5 / 6 / 7	Various	GBP	1.34792 / 1.33773 / 1.31891	POL	6 / 12	Various	ZLOTY	0.23231 / 0.22871
ESP	12	Common	EURO	1.00000	POR	6	Common	EURO	1.00000
EST	12	Common	EURO	1.00000	ROU	12	Common	LEU	0.22255
FIN	11 / 12	Various	EURO	1.00000	RUS	12	Common	ROUBLE	0.01360
FRA	6 / 12	Various	EURO	1.00000	SCO	5 / 6 / 7	Various	GBP	1.34792 / 1.33773 / 1.31891
FRO	12	Common	KRONE	0.03699	SMR	6	Common	EURO	1.00000
GEO	12	Common	LARI	0.38672	SRB	12	Common	DINAR	0.00813
GER	6 / 12	Various	EURO	1.00000	SUI	6 / 12	Various	CHF	0.91884 / 0.91638
GIB	12	Common	GBP	1.224880	SVK	12	Common	EURO	1.00000
GRE	6	Common	EURO	1.00000	SVN	12	Common	EURO	1.00000
HUN	12	Common	FORINT	0.00321	SWE	12	Common	SEK	0.10566
IRL	11	Common	EURO	1.00000	TUR	5 / 12	Various	LIRA	0.31202 / 0.29872
ISL	12	Common	KRONA	0.00753	UKR	12	Common	HRYVNIA	0.03556
ISR	5	Common	SHEKEL	0.23536	WAL	6 / 11 / 12	Various	GBP	1.33773 / 1.24098 / 1.22488
					USA	12	Common	USA	0.90264

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