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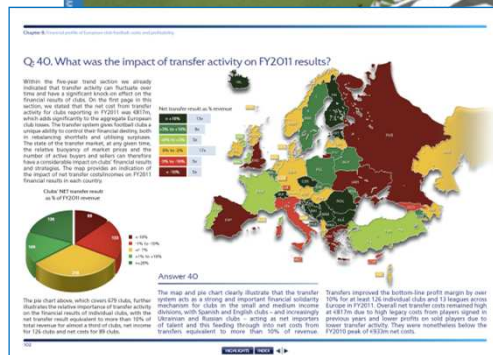
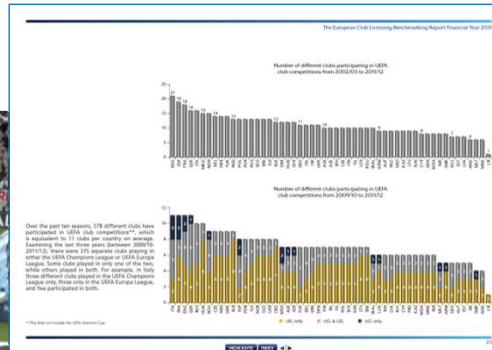
# THE CLUB LICENSING BENCHMARKING REPORT SELECTED EXTRACTS & ADDITIONAL ANALYSIS

Club Licensing & FFP Unit

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# New detailed UEFA report



- **UEFA report available in four languages;**
- **Unique 124 Page financial, structural and competition profile of European club football;**
- **Based on UEFA Club financial database, sourced from audited financial statements, covering all 53 UEFA member top divisions and more than 1 million items;**
- **Report presented to UEFA EXCO 25<sup>th</sup> Jan and then issued to NA's;**
- **Media & uefa.com launch (video conference) with UEFA GS 4<sup>th</sup> Feb;**

**1.HIGHLIGHTS section      2.First benchmark of UEFA competitions and participating clubs**  
**4.Europe wide financial profile 600+ clubs      3.Profile of domestic competitions**

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## Presentation structure

- 1. Overall trends (700+ clubs);**
  - 2. UEFA competition club results (235+ clubs);**
  - 3. Development and comparisons of Italian club football;**
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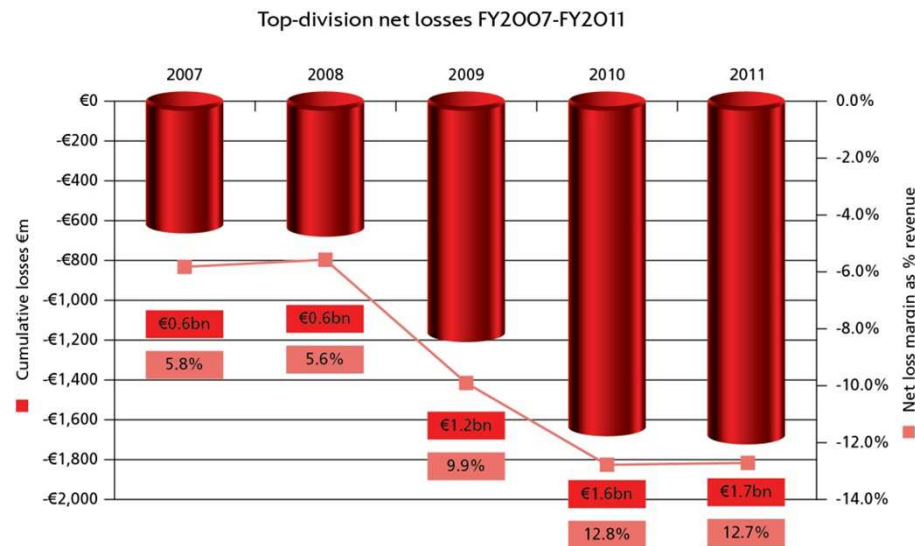
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# Overall trends in European club football (700+ top division clubs)

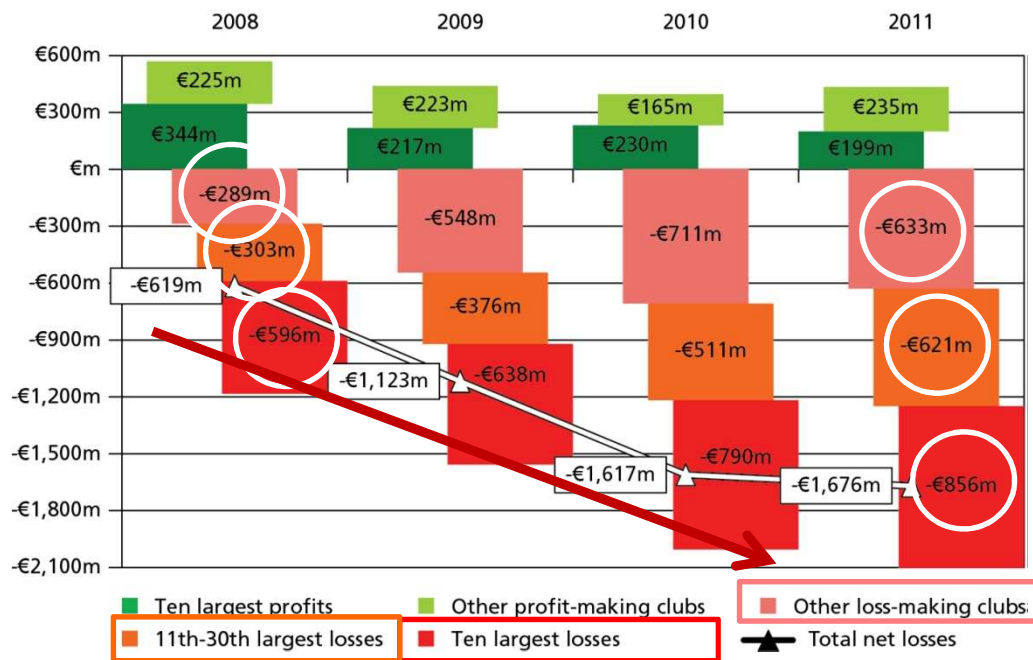
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## The case for FFP: Unprecedented football club losses reported



- **Aggregate football club losses have spiralled from €0.6 Billion in 2007 to an all-time record of €1.7 billion in 2011;**
  - **This level of losses is unprecedented and unsustainable with €9 spent for every €8 earned;**
  - **Balance sheets are stretched and 1-in-7 club auditors directly expressed concern of the club to continue;**
  - **Indicates concerted action is essential;**
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## The case for FFP – Financial results deteriorating at all levels



- Club losses clearly not just an isolated problem of some major clubs;
- The need for serious action is evident;

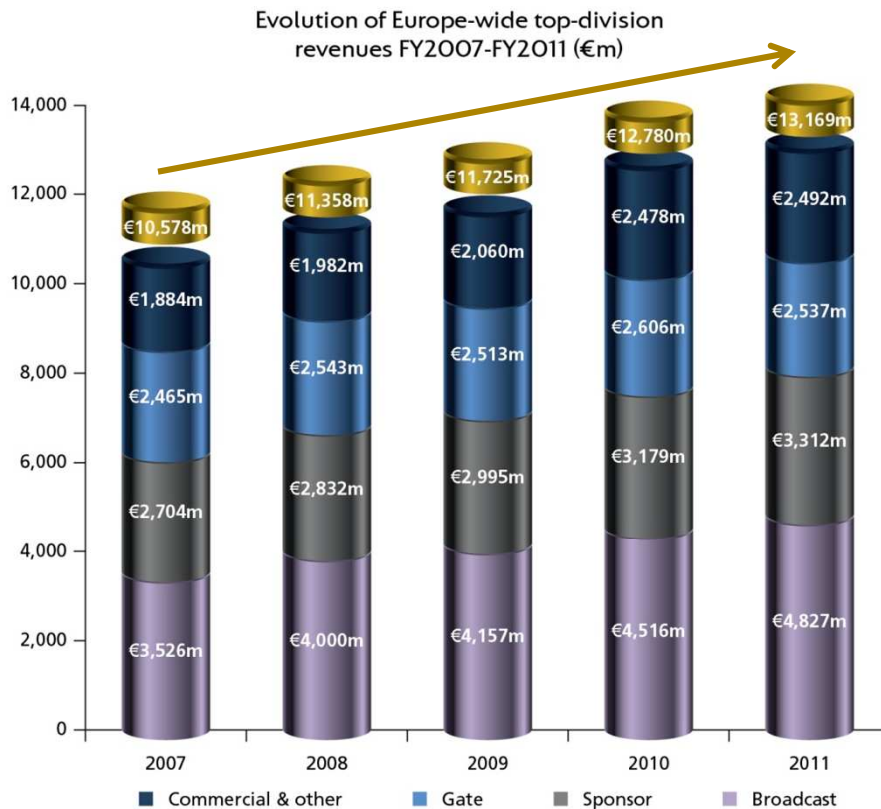
- Clubs ranked by financial result from largest loss each year down;
- The ten largest loss-making clubs increased losses by €260m from €596m to €856m;
- The losses of next tier of loss-making clubs (ranked 11-30) more than doubled;
- The remaining loss-making clubs also reported losses that more than doubled from €289m to €633m;

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## The case for FFP – Worsening financial results widespread

- **Between 2007 and 2011 aggregate income increased for clubs in all fifteen of the largest revenue leagues with exception of Scotland;**
  - **During same period despite income increases, the bottom line aggregate club net result (loss/profit) worsened for ALL fifteen leagues;**
  - **In particular at aggregate level, Russian clubs reported losses increased by c€200m, Ukrainian by c€160m and Spanish by c€140m;**
  - **Largest losses from English clubs c€430m albeit same level as 2007;**
  - **Of these 15 leagues, only countries with strong domestic club licensing regulations (Germany & Austria) reported aggregate club profits in 2011;**
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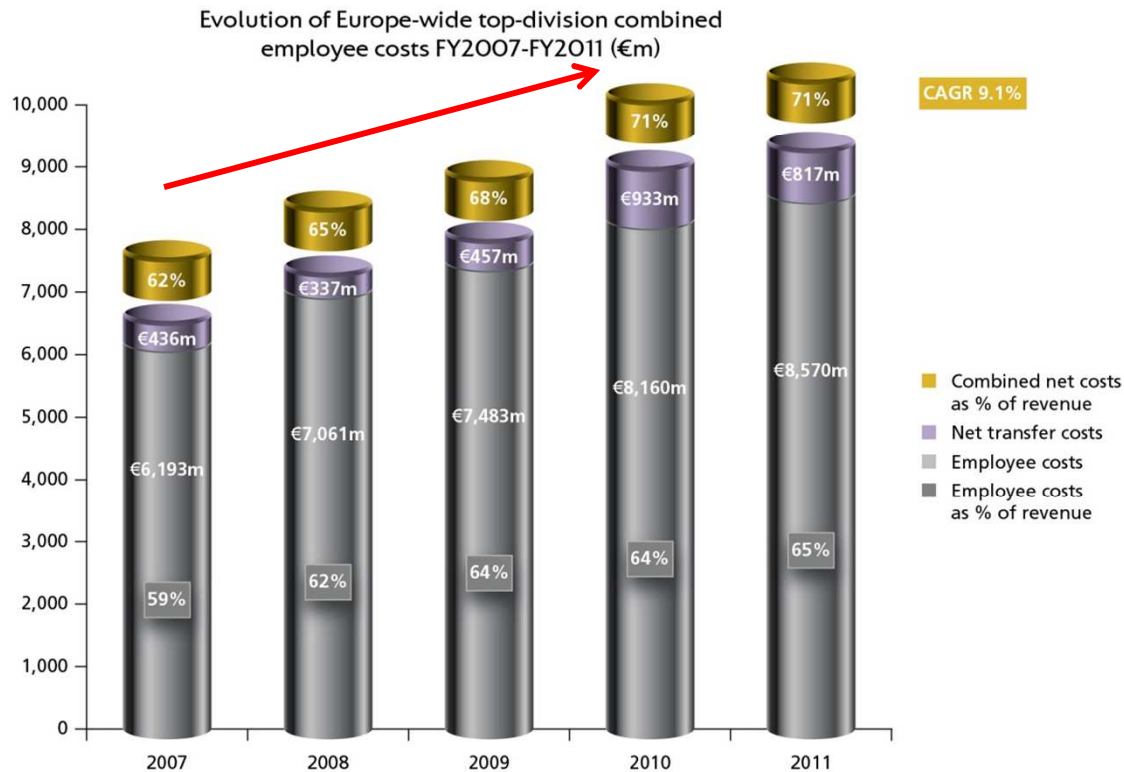
## The case for FFP – Losses not a short-term crisis



- **Reported revenue up 24% between 2007 and 2011;**
- **Growth principally from TV and sponsorship;**
- **At the top-end (Top 15 clubs) interim/year-end revenue has increased 10% in FY2012, principally increased commercial deals;**
- **Conclusion: clearly losses are not driven by tough underlying economic conditions;**
- **Therefore economic recovery will not guarantee a rebalancing of losses;**



# The case for FFP – Clubs’ unable to manage wage growth



- Whilst top division revenue has grown **24%** in last five years;
- Financial problems driven by excess spending with employee costs increasing **38%** in last five years;
- Once the increased net transfer cost is added to employee costs, the combined growth is **43%**;
- The ratio of this cost to revenue has increased from **62% to 71% in last 5 years**;
- Increased losses inevitable

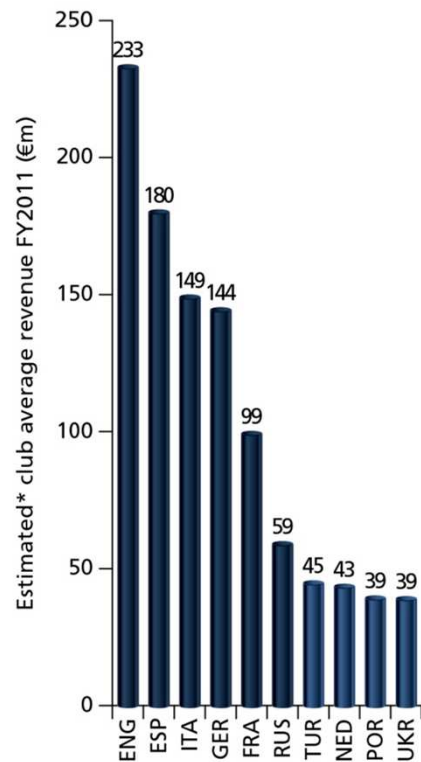


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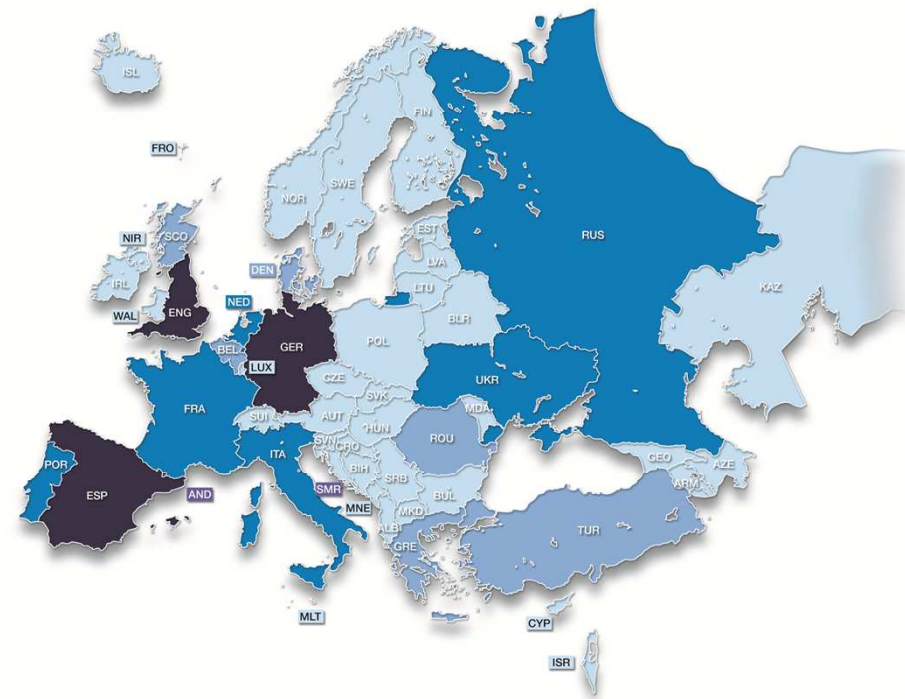
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# Clubs in 2012/13 UEFA club competitions

# Number of clubs & average revenues of clubs in UEFA competitions 2012/13



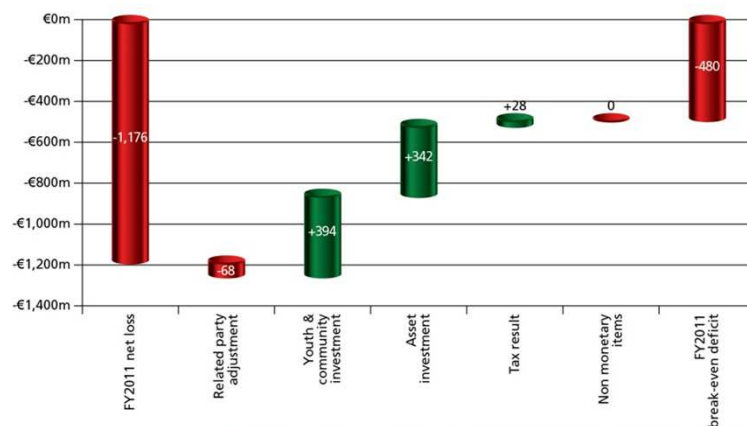
Number of qualification places in UEFA Club Competitions (2012/13):



# The break-even criteria illustrated: Break-even results of clubs in UEFA competitions 2012/13

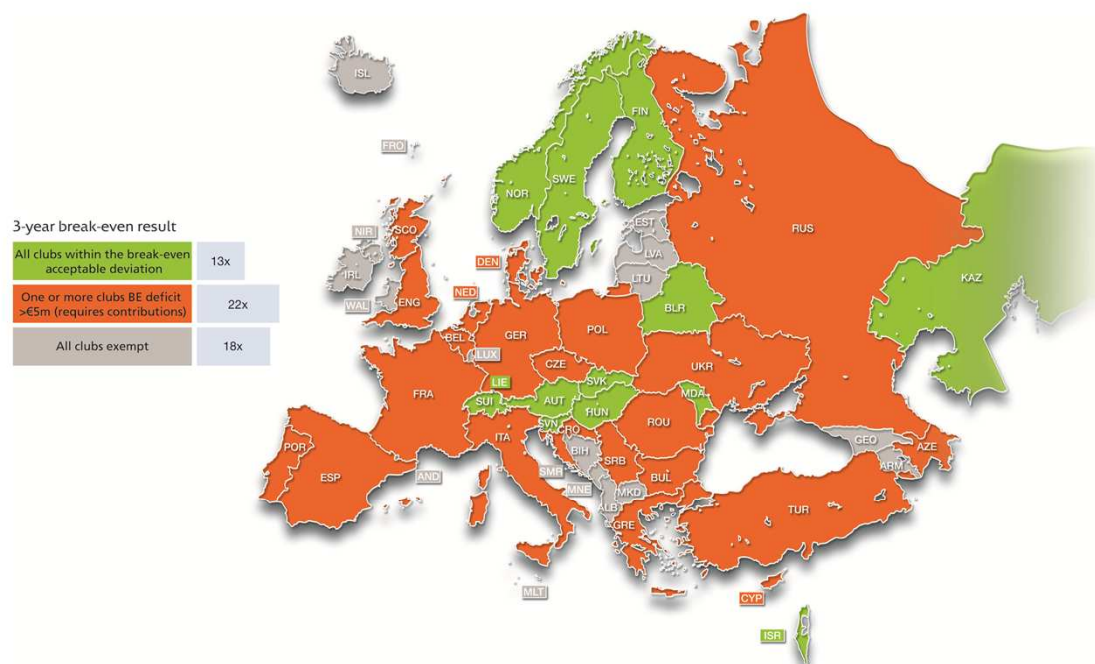


Bridge from net loss to estimated break-even deficit FY2011: clubs competing in 2012/13 UCL & UEL



- Putting together RI and RE to bridge from Net Loss to Break-even deficit;
- Net loss of 235 clubs of **€1'176m** equivalent to estimated **€480m** in net break-even deficits;
- Indicative only as assumptions used for youth adjustments and RP disclosure not transparent in some clubs;

## Break-even illustrated: 3 year pre-BE simulation



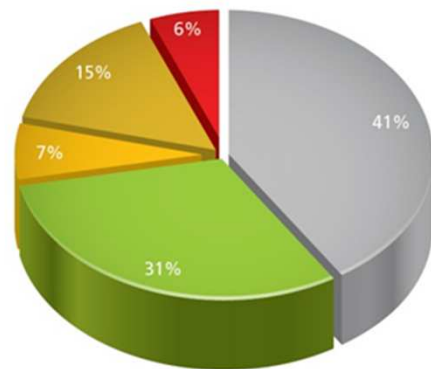
**Hypothetical simulation: If financial year 2009, 2010 & 2011 repeated and full break-even already applied for clubs participating in 2012/13 competition season:**

- Clubs from 18 countries with smaller clubs all exempted from full FFP assessment;
- Clubs from 13 countries all within break-even limits;
- 46 clubs from 22 countries with deficit >€5m would be in breach or would have to reduce debt through new capital injections (16 of these clubs satisfied BE with requisite debt reduction);

Note: Map based on UEFA analysis of submitted UEFA financial results. 3-year Break-even simulation performed for 654 clubs and based on certain assumptions. Map sample covers 235 of the clubs involved in the 2012/13 UEFA competition season. Simulation period FY2009-2011 pre-dates the period when clubs will be assessed according to FFP.

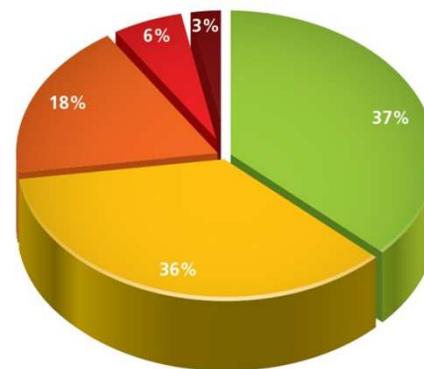
# Break-even illustrated: Overview Break Even Simulation

Break-even result FY2009, FY2010 & FY2011  
2012/13 UCL & UEL clubs



- Exempt
- BE surplus
- BE deficit €0m to €5m (within AD)
- BE deficit up to €45m (requires contributions)
- BE deficit >€45m (break-even not fulfilled)

Simulation - number of indicators  
breached by 2012/13 UCL & UEL clubs



- No indicators breached
- One indicator breached
- Two indicators breached
- Three indicators breached
- All four indicators breached

- 14 of 20 clubs qualified for UCL/UEL 2012/13 season;
- Two year simulation reduces number of UEFA competing clubs from 14 to 11;
- 41% of clubs deemed exempt in simulation;
- Only 37% of clubs triggered no indicator in simulation;

Estimate based on financial statements and certain assumptions (e.g. depreciation/ amortisation non-player assets adjusted for; 4% RE allocated as youth costs and excluded; no adjustment for non-football, fixed asset finance costs, non-monetary items or fair value apart from where revenue disclosed as «donations»)

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## Positive impact of first phase of FFP





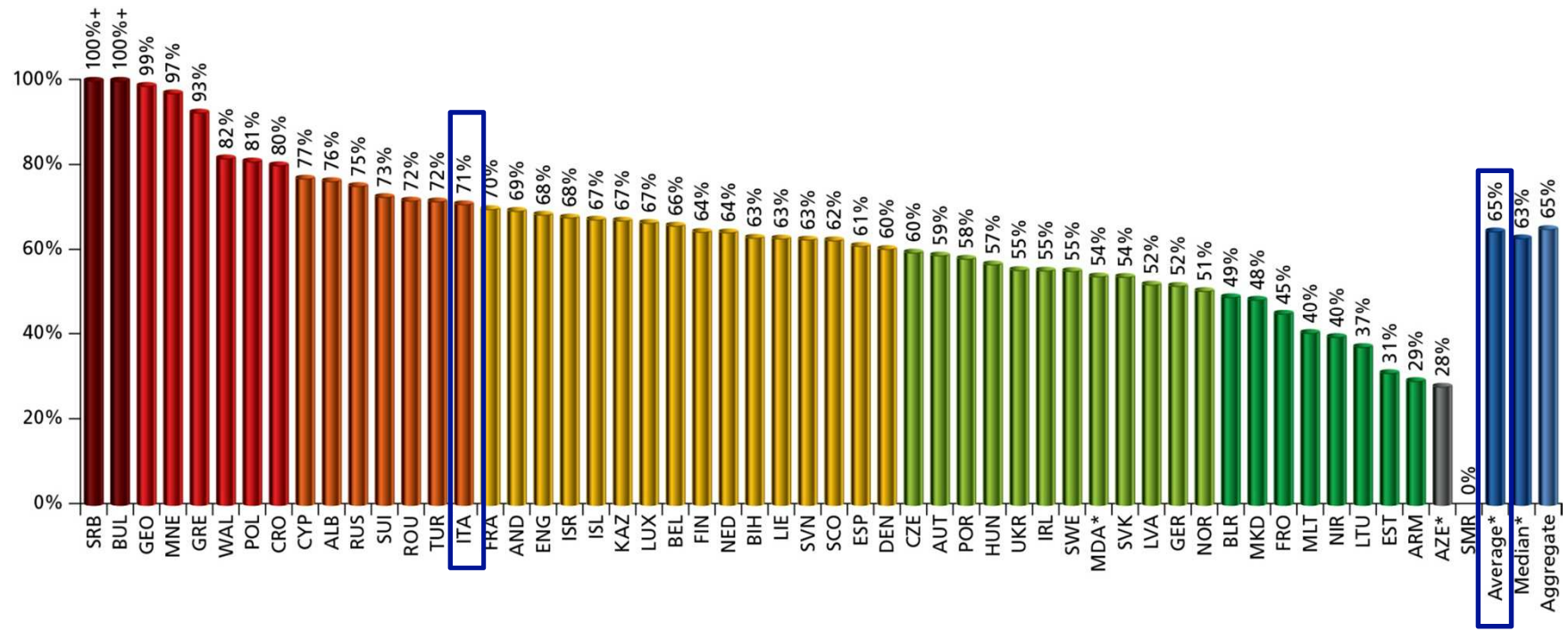
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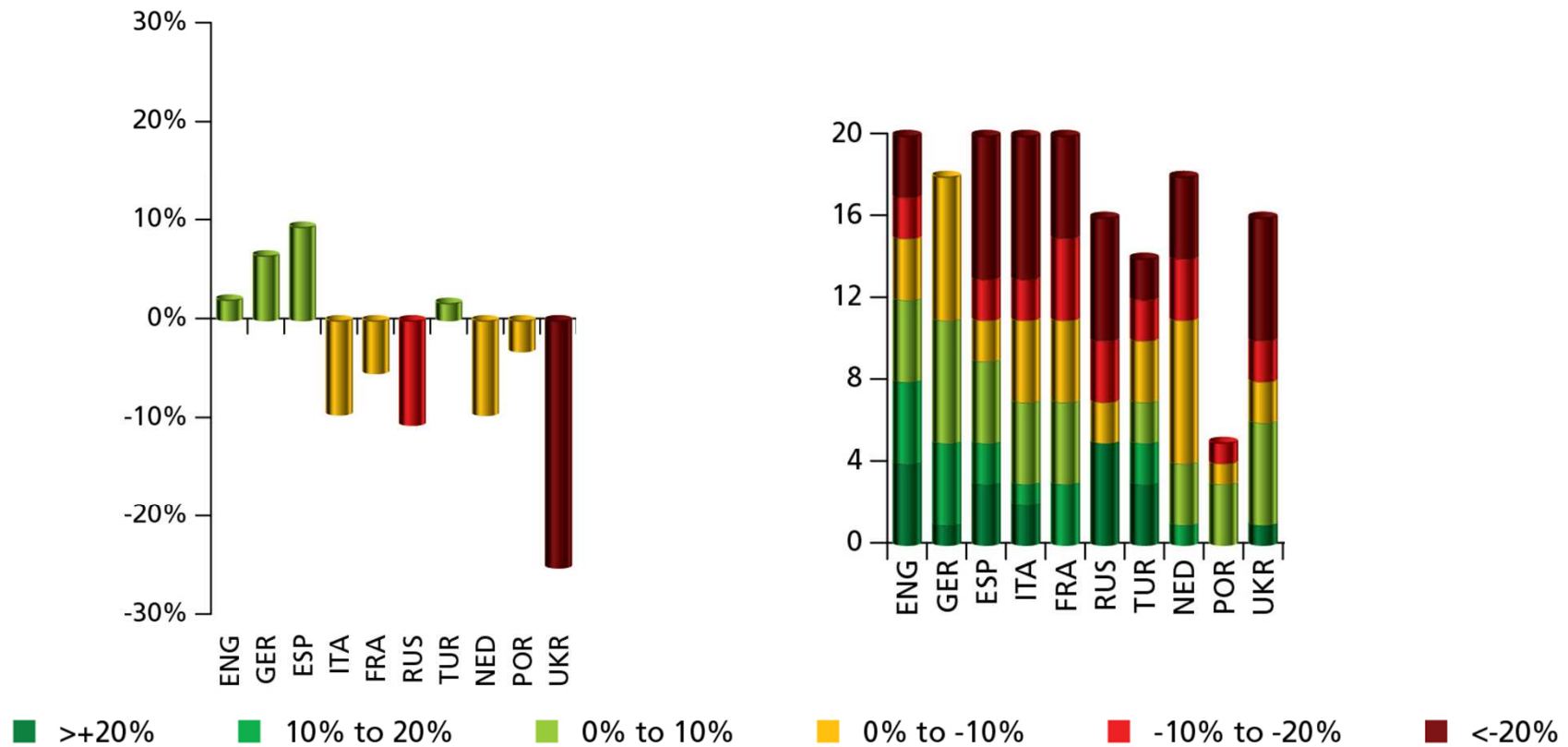
# Comparison and evolution of Italian club football



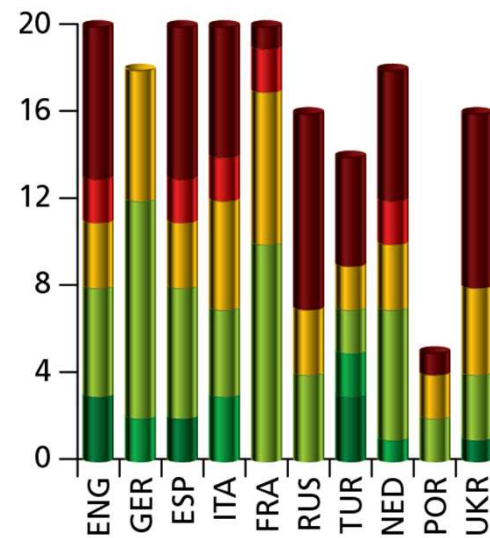
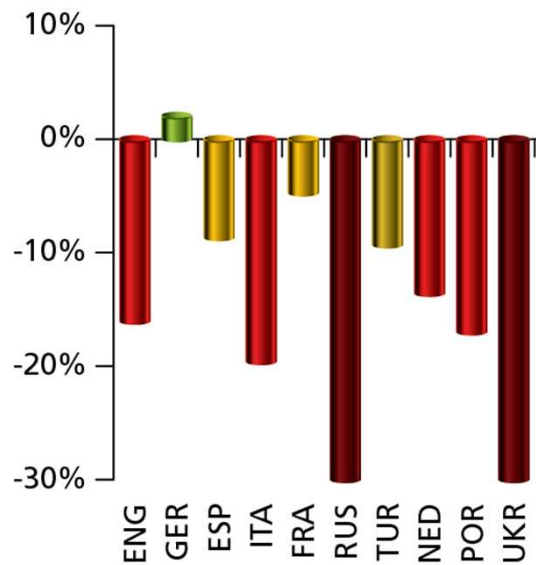
# Spending on wages & salaries as % of revenue



## Club profitability: “Operating” profit pre transfers



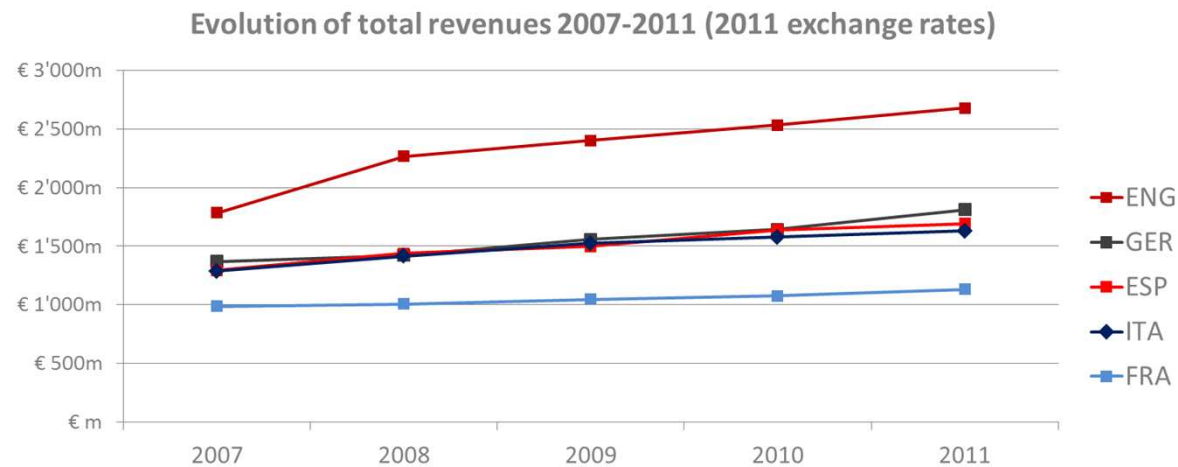
## Club profitability: 'Bottom line' profits after tax



■ >+20%    
 ■ 10% to 20%    
 ■ 0% to 10%    
 ■ 0% to -10%    
 ■ -10% to -20%    
 ■ <-20%

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# Comparisons

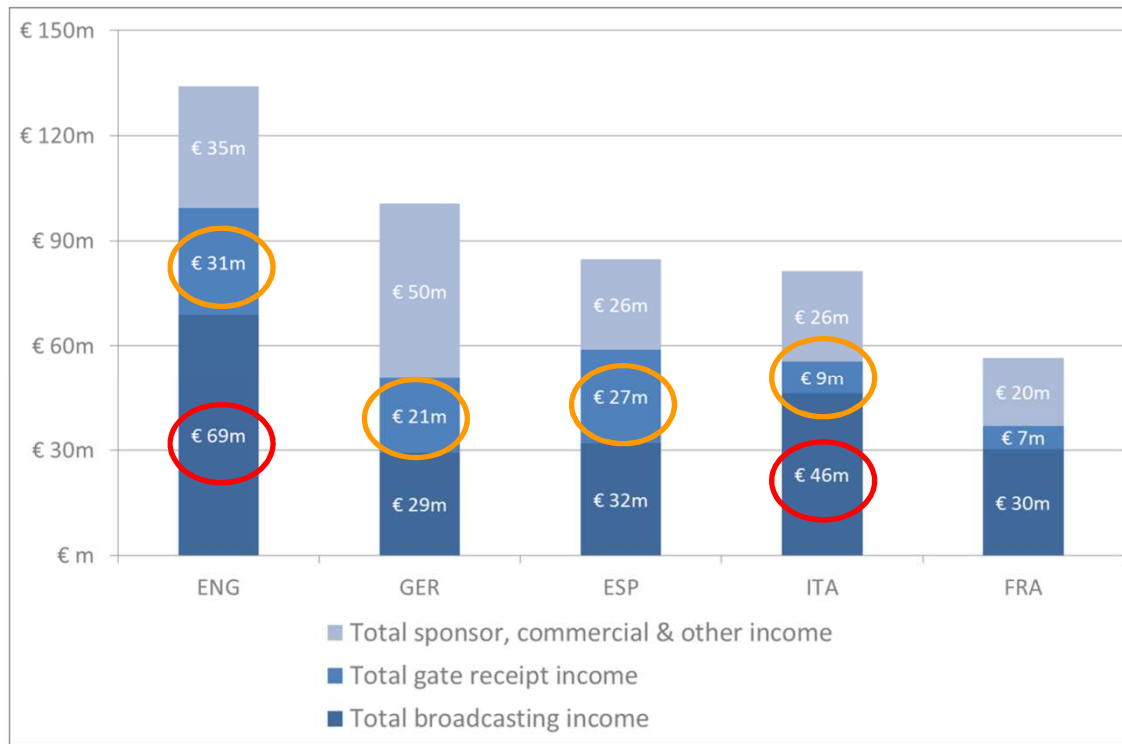


- **ITA aggregate club revenues closely mirrored ESP & GER 2007-2010;**
- **However gap to GER clubs increased by €115m in FY2011 and GER club revenues increased by a further €125m in FY2012;**
- **Recent Premier League TV increases will consolidate ENG clubs revenue lead;**

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Note: For benchmarking purposes to aid comparability, Juventus FY2007 included in ITA results despite being relegated outside Serie A.

## Comparisons

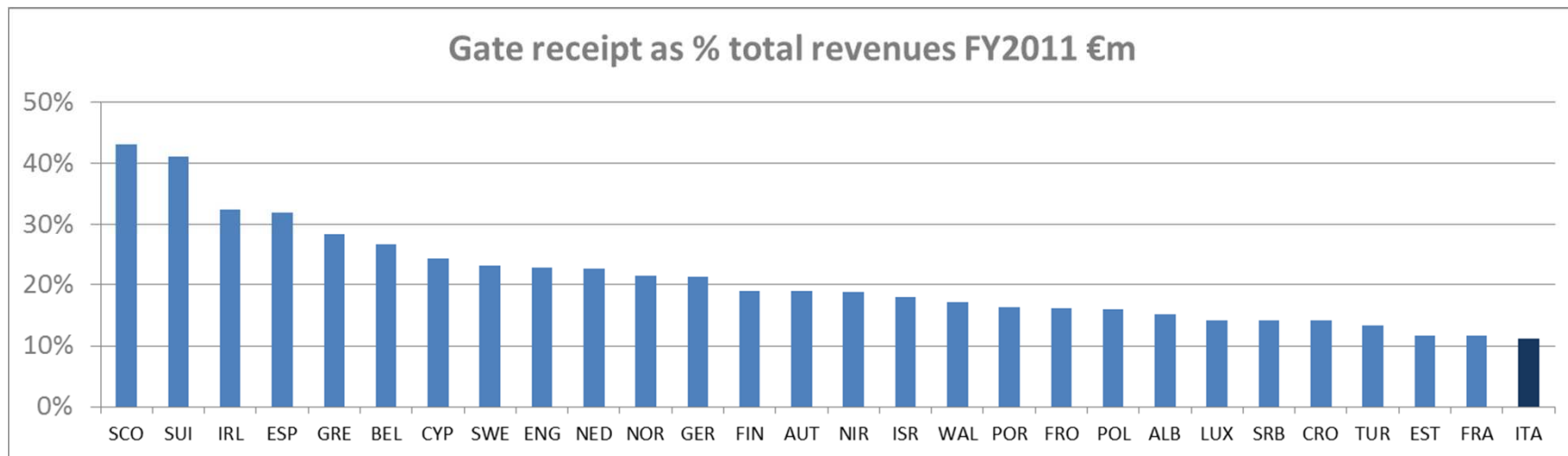


- **Broadcast revenues** relatively high in ITA but gap to ENG will increase next season;
- Average **gate receipt revenue** much lower than in other countries;

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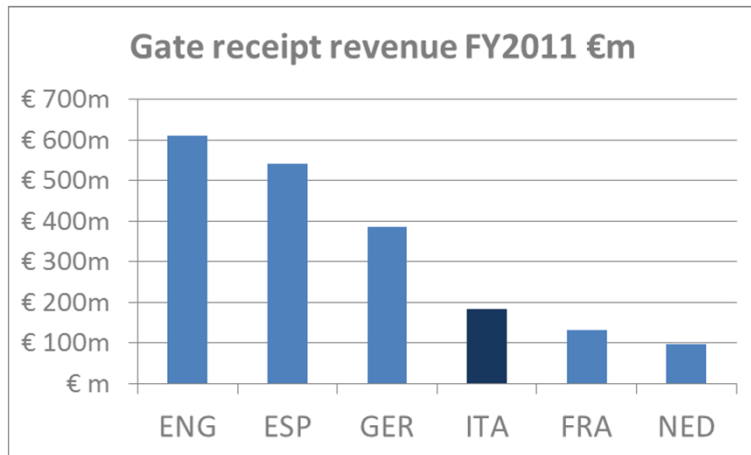
## Comparisons

- **Match day gate receipts and members fees contributing only 11% of ITA club revenues;**
- **Towards the bottom in European terms;**

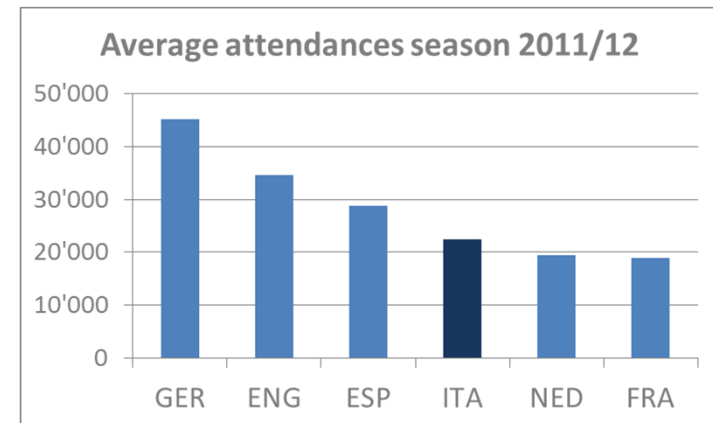


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## Comparisons



- **ENG clubs generating more than 3x more ticket revenues;**
- **Average attendances c22'000 considerably below Germany 45'000 & England 35'000;**





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Thank you