

Lost in translation

Football Money League



The unique nature of the football industry will enable major clubs to be relatively resistant to the economic downturn

Contents

2	Welcome
5	How we did it
6	Ups and downs
7	The Deloitte Football Money League
28	Tackling the crunch

Edited by

Dan Jones

Authors

Austin Houlihan, Rich Parkes, Martyn Hawkins,
Simon Hearne, Amelia Ashton-Jones
and Caspar Schmick

Sports Business Group at Deloitte

PO Box 500, 2 Hardman Street, Manchester, UK
M60 2AT

Telephone: +44 (0)161 455 8787

Fax: +44 (0)161 455 6013

E-mail: sportsteamuk@deloitte.co.uk

www.deloitte.co.uk/sportsbusinessgroup

February 2009

Welcome

Welcome to the twelfth edition of the Deloitte Football Money League, in which we profile the largest clubs in the world's most popular sport. Being released less than nine months after the end of the 2007/08 season, and as soon as all the clubs' revenue figures are available to us, the Money League is the most contemporary and reliable analysis of clubs' relative financial performance.

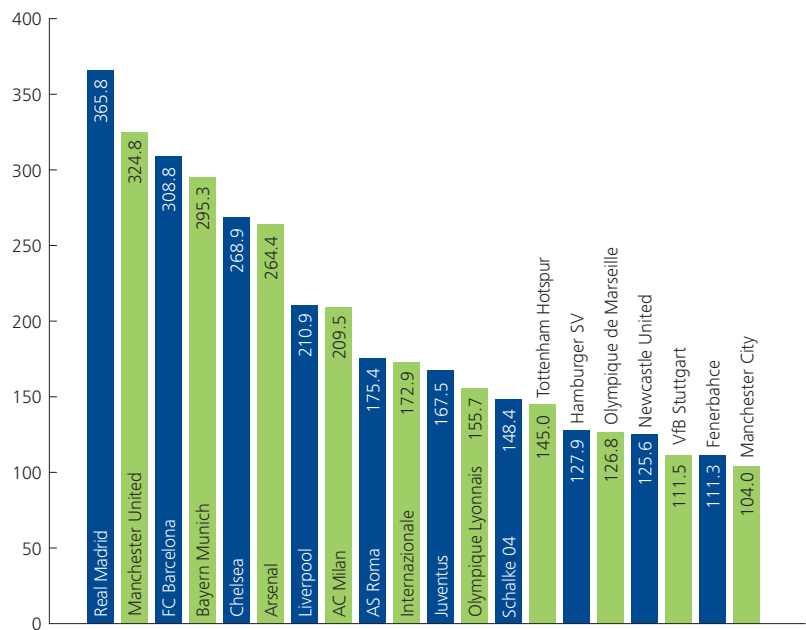
There are a number of methods that can be used to determine the size of a club including measures of fanbase, attendance, broadcast audience, or on-pitch success. However, for this publication we compare clubs using revenue from day to day football business operations which we believe is the best publicly available financial comparison – with our methodology outlined in more detail in 'How we did it'.

In all our previous editions of the Money League we have reported on the remarkable revenue growth of our top 20 clubs, and this year's edition is no different. The combined revenue of our top 20 clubs was €3.9 billion in 2007/08, more than three times the level in our first edition covering 1996/97, and a €220m (6%) increase on the previous year. As predicted last year, a minimum revenue level of €100m is now required to gain a place amongst our top 20 clubs. Congratulations to Real Madrid who top the Money League for a fourth successive year with a revenue total of €366m.

However, we publish this year's edition amidst a global economic downturn affecting the majority of industry sectors. Football is not immune to the difficulties caused by this changing environment. Nonetheless, we believe that the unique nature of the football industry, underpinned by loyal club fanbases and long term broadcast and sponsor contracts secured in advance may enable major clubs to be relatively resistant to the economic downturn. There are other businesses that will feel the pain sooner and to a greater degree. This does not mean football clubs can be complacent, far from it. But they do have more time to plan and adjust than some.

This edition covers the 2007/08 season, the most recent period for which club revenue figures are available, and this period was clearly before the worst of the economic slowdown and so has had only a limited impact on the revenues of the top 20 clubs. All but two of our top 20 clubs have shown revenue growth in this period when revenues are calculated in local currency.

Chart 1: Total revenues 2007/08 (€m)



Source: Deloitte analysis.

We expect next year's edition, covering the season currently in progress (2008/09) to show some early signs of how the wider economic environment is affecting the game's top clubs at a revenue level particularly across the matchday, driven by attendances and ticket pricing, and commercial revenue streams. However, we believe it will not be until the following season, 2009/10 and seasons after that, that we will get a fuller picture of the impact of the changing economic environment as clubs' revenue performance will reflect the impact on season ticket and corporate hospitality renewals, and several clubs will have been in the market to renew or negotiate new sponsorship contracts.

So far there are some encouraging early signs. Whilst there are differences between clubs, average attendances in the 'big five' leagues – in England, Germany, Spain, Italy and France – are generally holding up in the first half of the 2008/09 season when compared with previous seasons. It will be interesting to note how the more flexible pricing structures adopted by certain clubs impact on matchday yields. Furthermore, even in the last six months or so as recession has set in in the wider economy, several Money League clubs have either renewed existing commercial contracts or secured new partnerships, which reflects the

continuing attractiveness of the game's elite clubs, many with global fanbases, to commercial partners.

The most obvious effect of changing economic circumstances on this year's Money League is the depreciation of Pound Sterling against the Euro and the impact this has had on the relative ranking of English clubs. Last year we predicted that English clubs could account for around half the Money League clubs in 2007/08, the first year of new improved Premier League broadcast deals. In fact there are seven clubs in this year's list, one more than last year and one fewer than the record of eight in the previous year.

The impact is most obvious at the top and the bottom of the Money League. Manchester United's record breaking year in winning the Premier League and UEFA Champions League helped increase revenues to £257m, an uplift of £45m compared to the previous year.

The most obvious effect of changing economic circumstances on this year's Money League is the depreciation of Pound Sterling against the Euro and the impact this has had on the relative ranking of English clubs

Converting the club's revenue figure into Euros at the exchange rate used for this edition (as at 30 June 2008) translated to a total of €325m and second place in this year's Money League rankings, over €40m below the revenues of Real Madrid, and €16m above third placed club FC Barcelona. Had exchange rates remained stable at the rate we used for last year's edition (as at 30 June 2007) the club's revenues would have reached €382m, replacing Real Madrid at the top of the list. The fact that if today's exchange rates were applied United would have finished below Barcelona, emphasises the impact that exchange rate movements have had on English clubs' relative ranking in this year's list. Meanwhile Aston Villa, Everton and West Ham United can all consider themselves unlucky to have missed out on a top 20 place.

Overall, in the past four years, we have seen a clearly defined top 10 develop in the Money League with the main debate being about the order, not the composition, of that list.

At the lower end of the top 20 there are three new entrants 'promoted' into the Money League compared to last year, two of which (Fenerbahce and VfB Stuttgart) reach the top 20 for the first time with revenues driven by their successful participation in the UEFA Champions League, reinforcing the importance of competing in Europe's top clubs competition in the Money League rankings. Congratulations to Fenerbahce who become the first Turkish club to feature in the Money League and are the only club from outside the 'big five' European leagues in this year's list – an impressive achievement. Finally, the first year of new Premier League broadcast agreements has facilitated Manchester City's return to the top 20, with the club's new Abu Dhabi based owners having grand plans to transform the club's fortunes on and off the pitch.

So how are clubs equipped to meet the challenges presented by this changing economic environment? In addition to profiling the top 20 clubs in 2007/08, we provide commentary on the possible future outcome in this edition. At a revenue level, broadcast revenue has been a key driver of clubs' growth since we began our analysis. For several leagues, new or previously negotiated broadcast contracts are set to provide a stable revenue stream for clubs for a significant number of years.

The French league has a four year broadcast contract in place running to 2011/12, with a slight uplift in value, whilst the German Bundesliga has recently concluded broadcast deals for the four year period from 2009/10, which although not at the values of the deal it replaced – the league's six year deal with Kirch was scrapped after regulatory concerns – is an overall improvement on current contracts.

Spanish Superclubs Real Madrid and Barcelona, have individually negotiated broadcast contracts in place until 2013/14, both at substantial uplifts compared to previous deals. All these contracts will deliver stable, and, in some cases, improved revenues in forthcoming seasons.



The Premier League, the world's most popular and lucrative domestic football league, is currently negotiating broadcast contracts for the three year period from 2010/11 with the outcome of these negotiations and the contract values achieved, likely to be a key determinant of the ranking of English clubs in the Money League in future seasons. Whilst it is undoubtedly a challenging environment top-tier domestic league football remains key content for Pay-TV operators driving subscriptions. The recently concluded domestic live rights (with BSkyB and Setanta) and highlights rights (with BBC) contracts have generated values which are a 4% increase on current contracts. The worldwide popularity of the Premier League has the potential to deliver further revenue growth for clubs, with the depreciation of sterling against other major currencies potentially working to English clubs' advantage for any overseas rights sold in other currencies.

Participation in the Champions League has often been crucial in determining the ranking of clubs at the top end of the Money League and a key driver in propelling clubs into the top 20. Only six of the clubs in this year's top 20 didn't participate in the Champions League group stages.

The outcome of Premier League broadcast rights negotiations and the values achieved is likely to be a key driver in determining the ranking of English clubs in the Money League in future seasons

UEFA's decision to adjust the competition's qualification procedure from 2009/10 has the potential to impact on rankings in future Money Leagues. The top three clubs from Europe's top three ranking leagues (currently England, Spain and Italy) and top two from the fourth and fifth ranked leagues (currently France and Germany) will automatically qualify for the group phase (compared with the current system of two clubs and one club respectively).

UEFA's desire to guarantee that certain lower ranked leagues have participants in the group phase of the competition means that the fourth placed teams in the top three leagues and third placed teams in the fourth and fifth ranked leagues will face clubs from the leagues ranked seven to 15. The outcome of these ties, which will involve clubs from the 'big five' European leagues in ties against theoretically stronger opposition, could be crucial in determining future Money League rankings.

Our focus this year

In addition to our usual profiles of the top 20 clubs and their revenue sources we provide a feature article examining the impact of the economic downturn on the world's top football clubs across the three core revenue streams – matchday, broadcast and commercial – and also clubs' wages costs and club financing. Our particular focus is on the impact the downturn has already had on clubs, the challenges clubs now face going forward and the options they have in adjusting to this changing environment.

The Deloitte Football Money League was compiled by Dan Jones, Austin Houlihan, Rich Parkes, Martyn Hawkins, Simon Hearne, Amelia Ashton-Jones and Caspar Schmick. Our thanks go to all those who have assisted us, inside and outside the Deloitte international network. We hope you enjoy this edition.

Dan Jones, Partner

www.deloitte.co.uk/sportsbusinessgroup

How we did it

We have used the figure for total revenue extracted from the annual financial statements of the company or group in respect of each club, or other direct sources, for the 2007/08 season. In some cases, the annual financial statements do not cover a whole season, but are for the calendar year, in which case we have used the figures for the most recent calendar year available.

Revenue excludes player transfer fees, VAT and other sales related taxes. In a few cases we have made adjustments to total revenue figures to enable, in our view, a more meaningful comparison of the football business on a club by club basis. For instance, where information was available to us, significant non-football activities or capital transactions have been excluded from revenue.

Each club's financial information has been prepared on the basis of national accounting practice or International Financial Reporting Standards ("IFRS"). In some cases, a club has changed the basis of accounting for the 2007/08 period. The financial results of some clubs have changed, or may in future change, due to the change in the basis of accounting practice. In some cases these changes may be significant.

Based on the information made available to us in respect of each club, to the extent possible, we have split revenue into three categories – being revenue derived from matchday, broadcast and commercial sources. Clubs are not wholly consistent with each other in the way they classify revenue. In some cases we have made reclassification adjustments to the disclosed figures to enable, in our view, a more meaningful comparison of the financial results.

Matchday revenue is largely derived from gate receipts (including season tickets and memberships). Broadcast revenue includes revenue from domestic and international competitions. Commercial revenue includes sponsorship and merchandising revenues. For more detailed analysis of the comparability of revenue generation between clubs, it would be necessary to obtain information not otherwise publicly available. Some differences between clubs, or over time, will arise due to either different commercial arrangements and how the transactions are recorded in financial statements; and/or due to different ways in which accounting practice is applied such that the same type of transaction might be recorded in different ways.

The publication contains a variety of information derived from publicly available or other direct sources, other than financial statements.

We have not performed any verification work or audited any of the information contained in the financial statements or other sources in respect of each club for the purpose of this publication.

For the purpose of the international comparisons, all figures for the 2007/08 season have been translated at 30 June 2008 exchange rates (£1 = €1.2632). Comparative figures have been extracted from previous editions of the Deloitte Football Money League. The exchange rate for Pound Sterling to the Euro fell by 15% between 30 June 2007 and 30 June 2008. The table below illustrates the negative impact of this on the Euro equivalent total revenue figure for British clubs for 2007/08.

Club	Reported (£) revenue	Revenue (€) translated at June 07 exchange rates ¹	Revenue (€) translated June 08 exchange rates ²
Manchester United	257.1	381.9	324.8
Chelsea	212.9	316.3	268.9
Arsenal	209.3	310.9	264.4
Liverpool	167.0	248.1	210.9
Tottenham Hotspur	114.8	170.5	145.0
Newcastle United	99.4	147.7	125.6
Manchester City	82.3	122.3	104.0
West Ham United	81.5	121.1	103.0
Everton	75.7	112.5	95.6
Aston Villa	75.6	112.3	95.5
Celtic	73.0	108.4	92.2
Rangers	64.5	95.7	81.5

1 30 June 2007 exchange rate
(£1 = €1.4856)

2 30 June 2008 exchange rate
(£1 = €1.2632)

Source: Deloitte analysis.

There are many ways of examining the relative wealth or value of football clubs – and at Deloitte we have developed models of anticipated future cash flows to help potential investors or sellers do just that. However, for an exercise such as this, there is insufficient public information to do that. Here – in the Deloitte Football Money League – we use revenue as the most easily available and comparable measure of financial wealth.

Ups and downs

2007/08 Revenue (€m)

1	↔	0	Real Madrid	365.8
2	↔	0	Manchester United	324.8
3	↔	0	FC Barcelona	308.8
4	↑	3	Bayern Munich	295.3
5	↓	1	Chelsea	268.9
6	↓	1	Arsenal	264.4
7	↑	1	Liverpool	210.9
8	↓	2	AC Milan	209.5
9	↑	2	AS Roma	175.4
10	↓	1	Internazionale	172.9
11	↑	1	Juventus	167.5
12	↑	1	Olympique Lyonnais	155.7
13	↑	3	Schalke 04	148.4
14	↓	4	Tottenham Hotspur	145.0
15	↔	0	Hamburger SV	127.9
16	↑	3	Olympique de Marseille	126.8
17	↓	3	Newcastle United	125.6
18	n/a	new	VfB Stuttgart	111.5
19	n/a	new	Fenerbahce	111.3
20	n/a	new	Manchester City	104.0

2006/07 Revenue (€m)

1	↔	0	Real Madrid	351.0
2	↑	1	Manchester United	315.2
3	↓	1	FC Barcelona	290.1
4	↑	1	Chelsea	283.0
5	↑	3	Arsenal	263.9
6	↔	0	AC Milan	228.7
7	↔	0	Bayern Munich	223.3
8	↑	2	Liverpool	206.5
9	↔	0	Internazionale	176.7
10	↑	5	Tottenham Hotspur	153.1
11	↑	3	AS Roma	145.2
12	↓	8	Juventus	141.2
13	↓	2	Olympique Lyonnais	140.6
14	↓	2	Newcastle United	129.4
15	↑	1	Hamburger SV	120.4
16	↓	3	Schalke 04	114.3
17	n/a	new	Celtic	111.8
18	n/a	new	Valencia	107.6
19	n/a	new	Olympique de Marseille	99.0
20	n/a	new	Werder Bremen	97.3

■ Position in Football Money League

■ Change on previous year

■ Number of positions changed

1. Real Madrid

€365.8m
(£289.6m)

2007 Revenue €351.0m (€236.2m)
2007 Position (1)

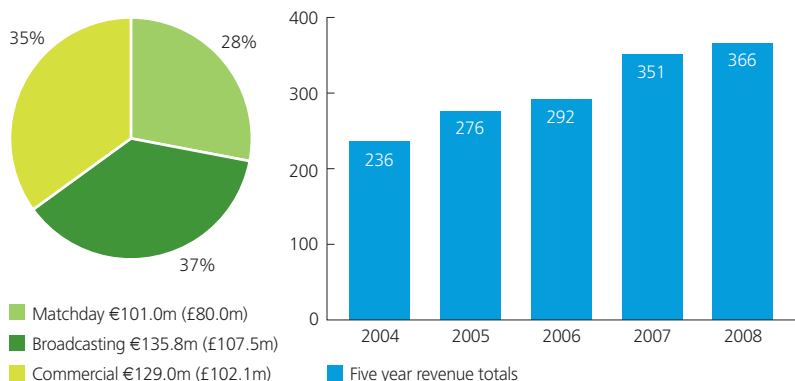
Real Madrid tops the Money League for the fourth successive year, with an increase in revenue of €14.8m (4%) to €365.8m (£289.6m). Whilst this growth is more modest than in recent seasons the club has now doubled its revenues since 2002, and enjoys a lead of €41m (£32.5m) over the next highest club in 2007/08.

The engine driving Real's remarkable revenue growth, and its ascent to the top of the Money League, has been the club's ability to increase commercial revenue. The decline in this area, by €7.4m (5%) in 2007/08 driven mainly by lower shirt sponsorship revenue following the bankruptcy of BenQ Mobile, is therefore a notable reversal of fortune even though the club still generates €129.0m (£102.1m) from this source representing 35% of total revenues. This slowdown in commercial revenue coincided with the departure of David Beckham in the summer of 2007. It will be interesting to see how the club copes with the loss of the Brand Beckham effect and the challenging commercial market that clubs are now facing (see feature article on "Tackling the crunch").

Online betting company Bwin became shirt front sponsors in the 2007/08 season for an initial three year period replacing BenQ Mobile whose reported €20m to €25m (£15.8m to £19.8m) per season contract ended after the company's bankruptcy. The club's kit sponsorship partnership with adidas, who have been sponsors since 1998, runs until 2011/12.



Real Madrid: Revenue sources and percentages (€m)



Real continued its domestic success on the pitch in 2007/08 recording its second successive, and 31st overall, La Liga title. However, the club were once again eliminated at the first knockout round of the UEFA Champions League, and have failed to win a knockout tie for five years. As a result central distributions from the Champions League remained constant at €21.1m (£16.7m).

Broadcasting revenue overtook commercial revenue in 2007/08 to contribute the largest element of the club's revenue for the first time since 2003/04. The total of €135.8m (£107.5m) represents 37% of total revenue. The slight increase of €3.4m (3%) came in the second season of its broadcast rights contract with Mediapro which guarantees the club more than €1.1 billion (£870m) over the seven year duration of the contract running until 2012/13.

Matchday revenue has been the largest growth area for the club in 2007/08 with an €18.8m (23%) increase aided by reconfiguring some areas of the Bernabeu to increase corporate hospitality capacity and hence revenues. Matchday revenue has grown to €101m (£80m) and now comprise 28% of the club's revenue, which is a significant move towards a balanced three-legged revenue model.

The club has announced that it is budgeting revenues of €400m in 2008/09. Should it achieve this threshold, it will be difficult for rivals to replace Real at the top of the Money League next year.

2. Manchester United

€324.8m
(£257.1m)

2007 Revenue €315.2m (£212.1m)
2007 Position (2)

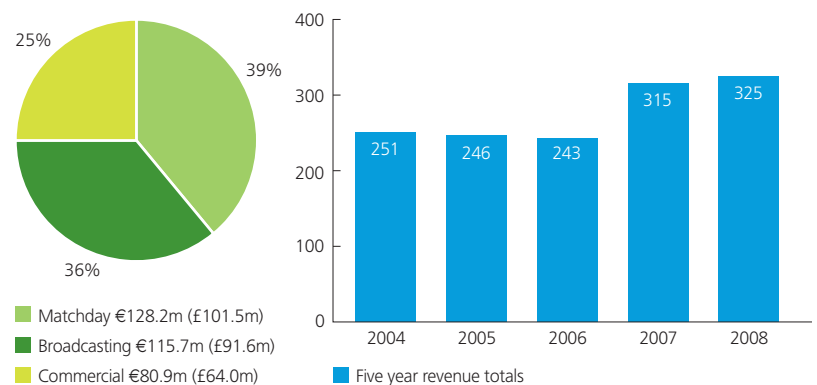
2007/08 was an exceptional year for Manchester United as the team crowned European and Premier League champions. As expected, on-pitch success translated into financial gain, with the club recording increases across all revenue streams which contributed to growth of £45m (21%) to £257.1m (€324.8m). Indeed, had it not been for the depreciation of sterling against the Euro, United would have leapfrogged Real Madrid to regain its position at the top of the Money League, which it last held in 2005.

The club achieved consistent sell-out attendances at its 76,200 capacity Old Trafford stadium, a venue with 16,000 more seats than the next largest English club ground, the Emirates Stadium. Attendance levels were sustained at the prior season's level and, combined with an increase in ticket prices in 2007/08 enabled matchday revenues to grow by £9m (10%) to £101.5m (€128.2m). This total, representing 39% of overall revenue, is the highest of any Money League club from this source.

Broadcast revenues increased by £28m (44%) to £91.6m (€115.7m). Winning the UEFA Champions League earned the club £34m (€42.9m) from UEFA central distributions whilst finishing at the top of the Premier League generated £49.3m (€62.3m), a 54% increase on the previous year, as a result of the new Premier League broadcast deals which commenced in 2007/08.

Commercial revenue increased by £8m (14%) to £64m (€80.9m), with the club's commercial partnership with Nike delivering improved revenues aided by the launch of a new kit during the season. Despite the US Federal Reserve bailout of AIG in September 2008, United currently continues to benefit from a lucrative shirt front sponsorship deal worth £14.1m (€17.8m) a season until 2009/10 as well as financial services product deals with the insurance company. The club will look to secure a new shirt sponsorship partner from 2010/11 as AIG has announced it will not renew its deal beyond 2009/10.

Manchester United: Revenue sources and percentages (€m)



The club will boost commercial revenues in 2008/09 following the signing of several sponsorships, including Saudi Telecom and Swiss watch brand Hublot, whilst Budweiser has extended its sponsorship with the club until 2009/10.

Whilst a club of United's status is not immune to the effects of the economic downturn the recent signing of these new partnerships is evidence of the power of the United brand globally, sustained by its recent on-pitch success, in continuing to attract commercial partners.

This competitive advantage, combined with success on the pitch and maximising matchday revenues through consistently selling out Old Trafford, will help United challenge the two Spanish Superclubs at the top of the Money League in future seasons.



3. FC Barcelona

€308.8m
(£244.4m)

2007 Revenue €290.1m (£195.3m)
2007 Position (3)

FC Barcelona retain third place in the Money League with total revenue exceeding €300m (£237.6m) for the first time with an increase of €18.7m (6%) to €308.8m (£244.4m) in 2007/08.

On and off the pitch 2007/08 proved to be a year of transition for Barca. Despite progressing to the semi-finals of the UEFA Champions League and the Copa del Rey – losing to the eventual winners of both – the club finished a disappointing third in La Liga although it is strongly placed to recapture the league title in 2008/09 under new head coach Josep Guardiola.

Broadcasting revenue continues to provide the most significant share of the club’s overall revenue at 38% with a total of €116.2m (£92m) in 2007/08 representing a €9.5m (9%) increase on the previous season. Champions League central distributions comprised €27.5m (£21.8m), a €4.8m (21%) rise on the previous season due to the clubs progress to the semi-finals. The club’s long-term contract with Mediapro running until 2012/13 will deliver increased revenues from 2008/09 worth a reported average of at least €150m (£118.7m) per year.

Barcelona’s commercial revenue increased by €6.3m (7%) to €101.1m (£80m) in 2007/08. This was the first time that the club had generated €100m (£79.2m) from this revenue stream. It is the third club, after Real Madrid and Bayern Munich, to do so. The main contributor to this total is its commercial contract with Nike which runs until 2013. Barcelona generated the third highest commercial revenue of all Money League clubs despite being the only club in the top 20 not to generate any revenue from shirt front sponsorship. The club has an innovative five year partnership with Unicef whereby Barca funds some of the organisation’s projects, although it does not receive any direct revenue.

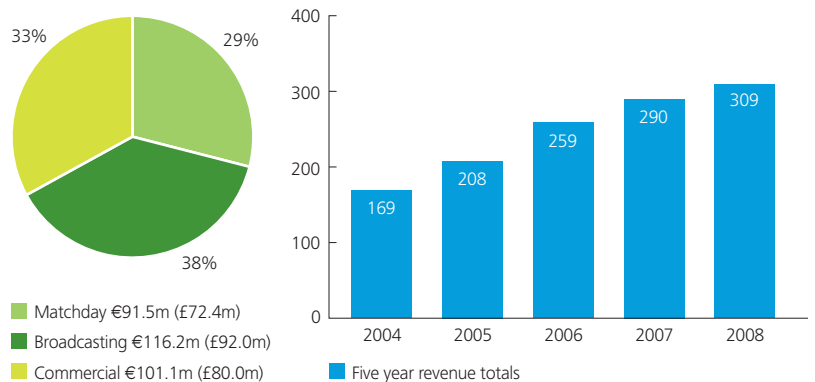
Barcelona has also announced a proposal to become a joint investor in Miami’s bid for an expansion franchise to compete in the United States’ MLS. This reflects the club’s aims of providing the platform for increasing the strength of its brand in North America and delivering further commercial revenue increases.

Matchday revenue of €91.5m (£72.4m) represents a €2.9m (3%) improvement on the previous season, the increase in the number of home games played (29 compared to 27 in 2006/07) offsetting the lower average attendance (67,300 compared with 74,100 in 2006/07). The planned €250m (£198m) redevelopment of the Camp Nou – adding 10,000 seats and improved corporate facilities – can be expected to add significantly to this total.

The club has budgeted revenues of €380m (£300.8m) in 2008/09 in part due to the step change delivered by its broadcast contract with Mediapro and a restructured commercial contract with Nike, including an increase in minimum guarantee to €30m (£23.7m) per season. Should the club achieve this level of revenues, it will challenge second placed Manchester United and Spanish rivals Real Madrid for top spot in the Money League.



FC Barcelona: Revenue sources and percentages (€m)



4. Bayern Munich

€295.3m
(£233.8m)

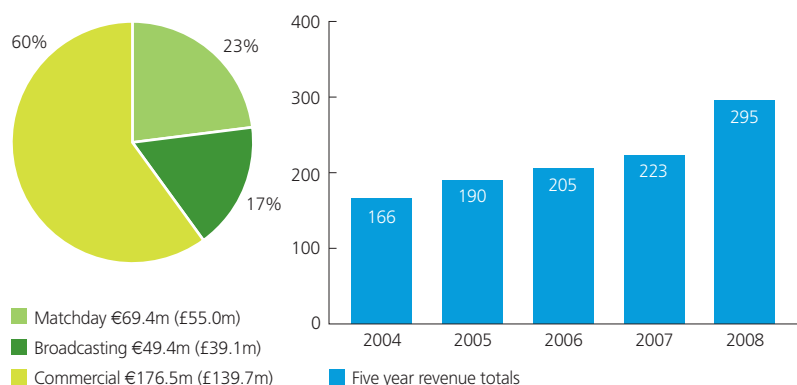
2007 Revenue €223.3m (€150.3m)
2007 Position (7)

Bayern Munich return to the top five in the Money League for the first time in five years, climbing three places thanks to a €72m (32%) increase in revenues to €295.3m (£233.8m). This strong revenue growth, the largest absolute increase of any Money League club in 2007/08, is even more remarkable given that Bayern missed out on UEFA Champions League football for the first time since 1996/97.

The UEFA Cup semi finalists' rise was driven by a €69.3m (65%) increase in commercial revenues to an impressive €176.5m (£139.7m) which now contributes 60% of Bayern's overall revenue, by far the highest total from this revenue stream and over €45m (£35.6m) more than that of the second highest earner from this source, Real Madrid.

The key reason for this increase is the club acquiring 100% ownership of the company owning its Allianz Arena home ground, after buying out the 50% stake owned by city neighbours TSV 1860 Munich who will keep playing their home matches at the stadium. Revenue from the stadium company totalled €41.6m (£32.9m), derived from sources including rent, hospitality, catering, stadium tours and naming rights.

Bayern Munich: Revenue sources and percentages (€m)



The club recorded a €8.8m (27%) increase in merchandising revenue to €41.1m (£32.5m) in 2007/08, aided by the acquisitions of high profile players such as Franck Ribéry and Luca Toni, whilst sponsorship revenue increased by €11.5m to €74.3m (£58.8m) with key components being its shirts sponsorship deal with Deutsche Telekom and kit supply agreement with adidas.

An average league attendance of 69,000 and a total of 27 home matches in all competitions helped drive matchday revenues to €69.4m, contributing 23% of total revenues.

Failure to reach the Champions League resulted in a 19% decline in broadcasting revenue to €49.4m (£39.1m) contributing just 17% to the Bavarian club's total revenues, the lowest relative contribution from this revenue stream of any Money League club. The new four year Bundesliga broadcast deals, reported to be worth an average of €412m (£326m) per season starting in 2009/10, will only slightly increase Bayern's domestic media income until 2013, and leave it well below its European peers on this measure.

A return to the Champions League in 2008/09, where Bayern will also benefit from an increased share of the German market pool as only two German teams qualified for the group phase, will bring further increases in matchday and broadcasting revenue. This factor, when added to the club's strong commercial performance, is likely to see Germany's best supported club comfortably surpass revenues of €300m and maintain a top four position in the Money League.



5. Chelsea



€268.9m
(£212.9m)

2007 Revenue €283.0m (£190.5m)
2007 Position (4)

Chelsea will look back on the 2007/08 season on the pitch as one of 'what might have been' having been runners-up to Manchester United in both the Premier League and UEFA Champions League.

The club retains its position in the Money League top five with double digit revenue growth of £22.4m (12%) to £212.9m (€268.9m) but slips one place to fifth following Bayern Munich's substantial revenue growth.

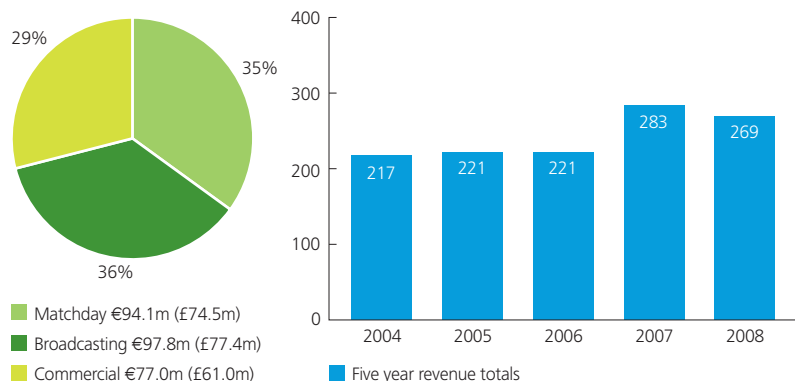
The main cause of the club's revenue growth is a £17.8m (30%) increase in broadcasting revenue to £77.4m (€97.8m). After finishing runner-up in the Premier League for a second successive season, the club received £45.6m (€57.6m) in central distributions, an increase of £14.7m (48%) compared with the £30.9m received in 2006/07, thanks to the Premier League's new broadcasting deals.

After three appearances in the semi finals of the Champions League in the previous four years, Chelsea went one step further in 2007/08 reaching the final for the first time in the club's history. As a result the club earned £28.8m (€36.4m) in centrally generated revenues from UEFA.

Strong cup runs to the finals of Europe's top clubs competition and the League Cup and the quarter finals of the FA Cup helped Chelsea generate matchday revenue of £74.5m (€94.1m), the same as the previous year (when it played one fewer home game but won both the FA and League Cups). This places the club, once again, amongst the top generators of matchday revenue of all Money League clubs and continues to impress given the club's limited stadium capacity, with average league attendance of just 41,400. This reflects the higher ticket yields that the club is able to achieve in London.

Chelsea's commercial revenue increased by £4.6m (8%) to £61m (€77m) with major components being its sponsorship deals with adidas and Samsung (reportedly worth around £12m (€15.2m) a year for eight years to 2013/14 and £10m (€12.6m) a year for five years to 2009/10 respectively). The club has since entered into additional new partnerships, including a four year deal

Chelsea: Revenue sources and percentages (€m)



with Thomas Cook, reportedly worth £1.5m (€1.9m) a year and with Etihad Airways, which should deliver further commercial revenue growth in 2008/09.

As noted, Chelsea's revenue growth in 2007/08 has been largely driven by increased broadcasting revenue from strong Champions League performances and the new Premier League broadcast deals. These sources will deliver only limited growth, at best, in 2008/09. Strong on-pitch performances have kept Chelsea in contention with the top European clubs, but the club needs new successes with its matchday and commercial revenues to deliver future growth and keep pace with its biggest European rivals in the top five.

After three appearances in the semi finals of the Champions League in the previous four years Chelsea went one step further in 2007/08 reaching the final for the first time in the club's history

6. Arsenal



€264.4m 2007 Revenue €263.9m (£177.6m)
 (£209.3m) 2007 Position (5)

Arsenal surpassed £200m in revenue for the first time in 2007/08, the club's second season in the Emirates Stadium, with a £31.7m (18%) increase to £209.3m (€264.4m). The club's revenue excludes income from non-core football activities of £15.2m (€19.2m) relating to proceeds of property development.

The key driver of the club's increased revenue was a £25m (55%) uplift in broadcast revenue to £70.4m (€88.8m). New Premier League broadcast deals and a third placed league position facilitated a £18.1m (63%) rise in central distributions to £47m (€59.4m). The club reached the semi finals of the Carling Cup and the quarter finals of the UEFA Champions League. The latter competition delivered £18.4m (€23.2m) in central distributions to Arsenal.

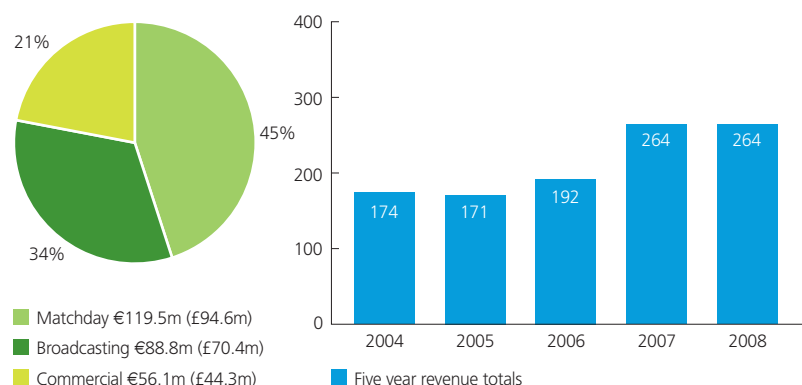
The club's second season at the Emirates Stadium, with sell-out league attendances averaging 60,100, helped drive matchday revenues of £94.6m (€119.5m), accounting for 45% of total revenue. Modest ticket price increases should help sustain matchday revenue in 2008/09, whilst the club reports that it has almost 50,000 supporters on the waiting list for season tickets.

Commercial revenue increased slightly by £2.7m (6%) to £44.3m (€56.1m). This revenue stream is underpinned by the club's combined long term stadium naming rights (running until 2020/21) and shirt sponsorship deal with Emirates (running until 2013/14) worth a reported £90m (€113.7m). 2007/08 saw record retail revenue of £13.1m (€16.5m), with the launch of new second and third choice Nike kits.

However, whilst new second tier partnerships have been agreed with Citroën and Swiss watchmakers Ebel from 2008/09, and the club extends its presence internationally, and particularly in South East Asia, commercial revenues represent only 21% of total revenue, one of the lowest proportions of any Money League club. To put this in context, the club's commercial revenue are almost £17m (€21m) below those of Chelsea and £19.7m (€24.8m) less than Manchester United's – the two English clubs placed higher in this year's Money League.

Delivering commercial revenue growth combined with improved on-pitch performance in both the Premier League and Champions League and a consistently full Emirates Stadium, are likely to be key drivers of future revenue growth to enable the club to challenge for a top five position. Arsenal will hope that the recent appointment of former Major League Soccer deputy commissioner Ivan Gazidis as its new chief executive will help drive future growth.

Arsenal: Revenue sources and percentages (€m)



The club reports that it has almost 50,000 supporters on the waiting list for season tickets

7. Liverpool



€210.9m
(£167m)

2007 Revenue €206.5m (£139.0m)
2007 Position (8)

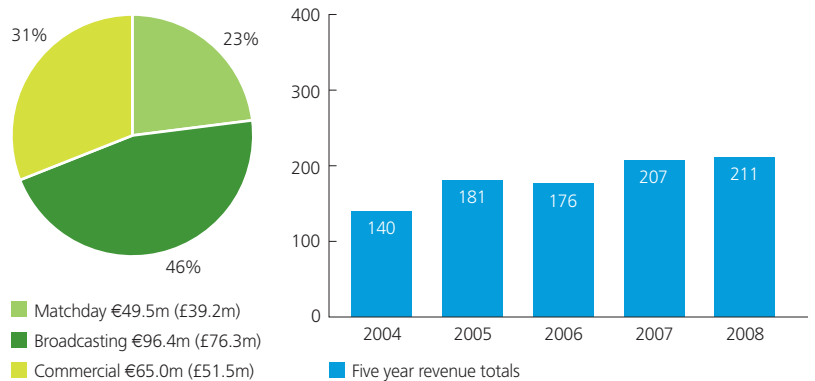
Liverpool are the fourth English club in this year's Money League top 10, climbing one place to seventh, with a £28m (20%) increase in revenue to £167m (€210.9m).

Broadcasting is the club's largest revenue stream at 46% of the total, with an increase of £19m (33%) to £76.3m (€96.4m). This growth was mainly due to increased central distributions from new Premier League broadcast deals, up £17m to £45.4m (€60m). The club received €26.8m (£21.2m) from reaching the semi finals of the UEFA Champions League, a reduction from the €32.2m collected in the previous year when it was runner-up to AC Milan. The fall was made worse by lower market pool payments as a result of rival English clubs Manchester United and Chelsea reaching the final.

Commercial revenue increased strongly by £8.2m (19%) to £51.5m (€65m), 31% of total revenue. The club's short-term partnership deal with long-term partner Carlsberg, extended for a further three years until 2009/10 at a reported improved value of £7.5m a year, was a key contributor to this increase whilst Liverpool's kit deal with adidas remains an important source of revenue. The club should earn further increases from this revenue category in future years after signing four second-tier partnerships reported to be worth at least £10m (€13m) in total. New partners include betting company Paddy Power and travel operator Thomas Cook.

Liverpool continue to sell out Anfield on a regular basis, with an average league attendance of 43,500 in 2007/08, although matchday revenues only rose slightly to £39.2m (€49.5m) due to fewer home games.

Liverpool: Revenue sources and percentages (€m)



The proposed new stadium would allow Liverpool to significantly increase matchday revenue and improve its placing in the Money League

In September 2008, Liverpool announced that the development of a new stadium at Stanley Park, scheduled to open in 2011/12, had been postponed due to global economic conditions. The proposed stadium is expected to have an initial capacity for 60,000 including 10,000 corporate seats with the potential to increase capacity to 73,000. This would give Liverpool the platform from which to significantly increase matchday revenue and improve its placing in the Money League.

8. AC Milan

€209.5m
(£165.8m)

2007 Revenue €228.7m (£153.9m)
2007 Position (6)

AC Milan fall two places to eighth in the Money League with a €19.2m (8%) reduction in revenues. The club experienced a disappointing season on the pitch, compared with the UEFA Champions League winning season in 2006/07, with a fifth place finish in Serie A meaning the Rossoneri will not compete in Europe's top club competition in 2008/09 for the first time since 2001/02.

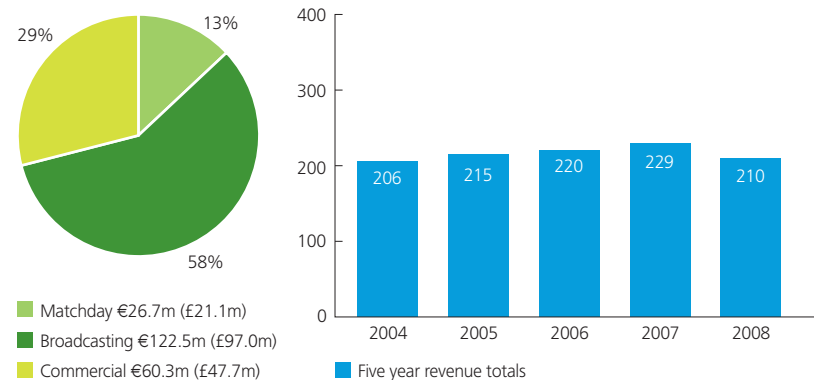
Broadcast revenue remains the largest revenue stream for the club totalling €122.5m (£97m) in 2007/08, contributing 58% of total revenues. The reduction of €14.2m (10%) compared to 2006/07 was predominantly due to a €13.2m (33%) fall in Champions League central distributions to €26.4m (£20.9m) after the holders were eliminated by Arsenal in the first knockout round.

The largest contributor to broadcast revenue is the first year of the club's two year contract with Italian broadcaster Mediaset for live rights to domestic matches.

Commercial revenue decreased by €5.4m (8%) to €60.3m (£47.7m) in 2007/08. Key contributors to this total were the club's shirt front sponsor with online gaming company Bwin worth a reported average of €12m (£9.5m) per season over the four year contract running until 2009/10, and an extension to its kit deal with adidas until 2016/17.

Milan will need to address its stadium issues in order to drive higher matchday revenues and push for a higher ranking in future years, particularly as Serie A's return to collective selling from 2010 means that the club may struggle to maintain its current level of broadcast revenues.

AC Milan: Revenue sources and percentages (€m)



Matchday revenues increased by €0.4m (2%) to €26.7m (£21.1m) due to an increase in average attendances of 9,000 to 55,900 offsetting the reduction in home games played at the San Siro (24 compared with 30 in 2006/07). However, like its city rivals Internazionale, Milan's matchday revenues are significantly below the other top 10 Money League clubs. Both clubs are considering their options for stadium development at the San Siro, or at an alternative site.

Milan will need to address its stadium issues in order to drive higher matchday revenues and push for a higher ranking in future years, particularly as Serie A's return to collective selling from 2010 means that the club may struggle to maintain its current level of broadcast revenues.



9. AS Roma

€175.4m
(£138.9m)

2007 Revenue €145.2m (£97.7m)
2007 Position (11)

As predicted in last year's Money League, AS Roma enjoyed a significant revenue boost in 2007/08, driven by new broadcast and commercial agreements, with growth of €30.2m (21%) to €175.4m (£138.9m) enabling the club to claim a top 10 position in this year's list.

The club finished runner-up in Serie A, whilst winning the Coppa Italia and reaching the quarter final of the UEFA Champions League for the second successive year, earning them €28.9m (£22.9m) in central distributions from UEFA.

Broadcast revenue increased by €10.7m (11%) to €105.7m (£83.7m), representing 60% of total revenue, mainly due to 2007/08 being the first season of a new broadcast contract with Mediaset, the club's last individually negotiated deal before Serie A returns to collective selling in 2010.

Commercially, Roma can look back on a very successful year, with a €17.2m (59%) increase in revenues from this source to €46.3m (£36.7m) with a new kit sponsorship agreement with Kappa (worth on average €4.8m (£3.8m) per season) and shirt sponsorship deal with telecommunications company Wind (worth a minimum of €7m (£5.5m) per season) both key contributors to this growth.

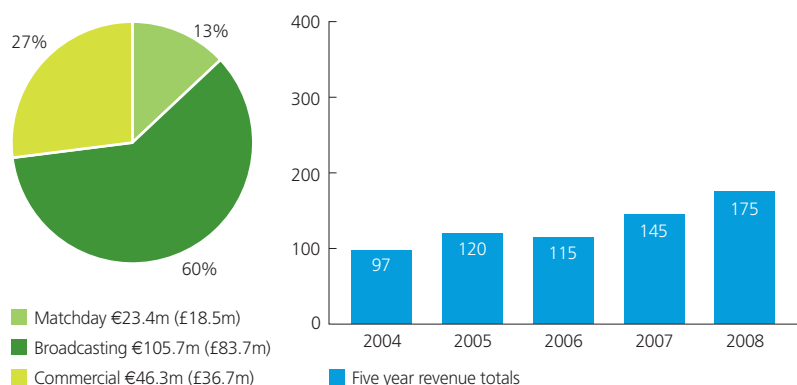
Average league attendances remained constant at 36,200. This is the third lowest average attendance of all the Money League clubs despite having the fifth largest stadium, emphasising the need for the Giallorossi to address matchday issues at the Stadio Olimpico, which will host the Champions League Final in 2009. Tackling this issue is key in order to improve their revenues from commercial and matchday activities, and to reduce their dependency on broadcasting revenue. Reports indicate that the club is currently planning the construction of a new stadium in conjunction with local government.

In 27 home games, the club earned matchday revenues of €23.4m (£18.5m), an increase of 11%. Looking forward, much of Roma's financial performance hinges on the commercial opportunities that a possible new stadium development could offer.

With Juventus returning to the Champions League in 2008/09, Roma may face an insurmountable challenge to retain its top ten position in the Money League next year. Achieving a more balanced revenue model in future is essential to keep pace with its European peers.



AS Roma: Revenue sources and percentages (€m)



Roma can look back on a very successful year commercially, with a €17.2m (59%) increase in revenues from this source to €46.3m (£36.7m)

10. Internazionale

€172.9m
(£136.9m) **2007 Revenue** €176.7m (£118.9m)
2007 Position (9)

Internazionale fall one place to tenth in the Money League with revenue of €172.9m (£136.9m) in 2007/08, a €3.8m (2%) reduction compared with the previous year. On the pitch the club continued its Serie A dominance with its third successive Scudetto, were runners-up in the Coppa Italia, but were again eliminated at the first knockout round of the UEFA Champions League.

Broadcasting revenue continues to constitute the majority (62%) of the club's revenue at €107.7m (£85.3m) in 2007/08, the first season of a two year domestic broadcasting rights contract with Mediaset. Champions League central distributions reduced by €2.9m (10%) to €26.7m (£21.1m).

The Nerazzuri generated commercial revenue of €36.8m (£29.2m) with its long term commercial partners Pirelli and Nike contributing €8.4m (£6.6m) and €7.5m (£5.9m) respectively.

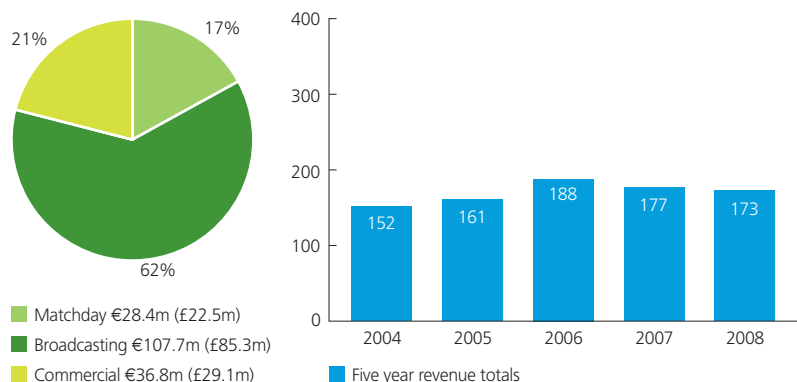
Inter's matchday revenue of €28.4m (£22.5m) represents a €1.2m (4%) increase on the previous season but remains – along with other Italian clubs in Money League – the lowest portion of total revenue of the three revenue streams at 17%, and well below its European rivals.

To put this in context, and excluding Italian rivals AC Milan and AS Roma, Inter's matchday revenues are over €20m (£15.8m) below those of Liverpool, the top 10 Money League club with the next lowest matchday revenues, over €40m (£31.7m) below those of Bayern Munich, and over €60m (£47.5m) below each of the other top 10 clubs.

In order to address this, club president Massimo Moratti has announced plans to build a new stadium in time for 2012/13 which would involve moving out of its existing San Siro home ground and ending the ground sharing arrangement with AC Milan.

Success in delivering this project is critical in allowing Inter to kick start its stagnating revenue growth, keep pace with its European peers and compete for a top ten Money League position in future years. The club will also hope that new coach Jose Mourinho can help secure an elusive Champions League title – the club have not won Europe's top clubs competition since 1965 – which will help boost revenues in the shorter term.

Internazionale : Revenue sources and percentages (€m)



11. Juventus



€167.5m
(£132.6m)

2007 Revenue €141.2m (£95.0m)
2007 Position (12)

Juventus' return to Serie A after a one year absence provided a €26.3m (19%) increase in revenue to €167.5m (£132.6m) in 2007/08 and a rise of one place to 11th in the Money League. The season also proved successful on the pitch with a third placed finish in Serie A securing a return to the UEFA Champions League in 2008/09.

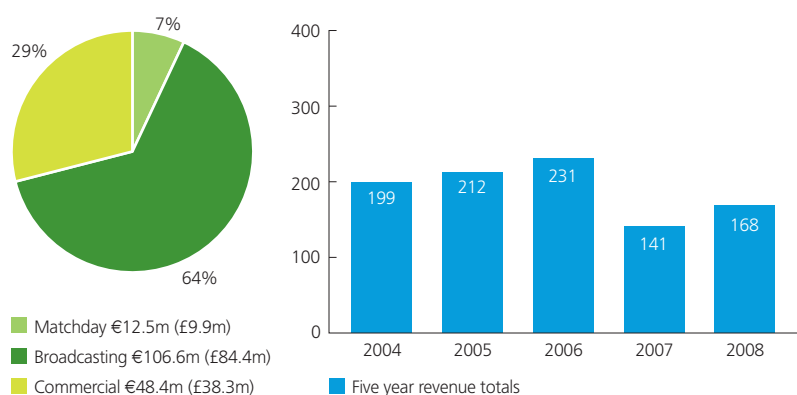
Broadcasting revenue continues to be the major driver of the club's revenues contributing 64% of the total. This is the highest level of reliance on a single revenue stream for any Money League club. The club's key individually negotiated broadcast partner Mediaset has exercised an option to extend its deal with the Bianconeri by one year to the end of the 2009/10 season, the final year before Serie A returns to collective selling, for a total of €112m (£88.7m).

Juventus' regained Serie A status assisted the club in increasing matchday revenue by €5.7m (84%) to €12.5m (£9.9m). Despite the significant matchday revenue increase in percentage terms it still only contributes 7% of the club's total revenue remaining by some distance the lowest matchday revenue share of total revenues of any club in the Money League.

The club's plans to develop a new 40,000 capacity stadium opening in 2011/12 should provide the opportunity to build matchday and commercial revenues. The club has signed a long term alliance with Sportfive for a minimum value of €75m (£59.4m) for naming rights and certain corporate boxes over a period of 12 years from the opening of the stadium which will contribute towards the cost of the new facility.

Juventus have embraced a changed commercial strategy – "Less is More" – the keystone of which is stable and long lasting relations with a limited and select number of commercial partners. Underpinning commercial revenues of €48.4m (£38.3m) in 2007/08 was the first year of a three year shirt sponsorship deal with the New Holland Group worth a minimum of €33m (£26m) and a long-term kit deal with Nike worth a minimum of €12.4m (£9.8m) per season running until 2015/16.

Juventus: Revenue sources and percentages (€m)



The Old Lady's return to the Champions League in 2008/09 should allow it to regain a top 10 Money League position next year, whilst increasing matchday and commercial revenues from the delivery of a new stadium are likely to be critical to maintaining this position in the longer term and providing a platform for future growth.

The club's plans to develop a new 40,000 capacity stadium opening in 2011/12 should provide the opportunity to build matchday and commercial revenues

12. Olympique Lyonnais

€155.7m
(£123.3m)

2007 Revenue €140.6m (£94.6m)
2007 Position (13)

Olympique Lyonnais climb one place in this year's Money League with a €15.1m (11%) increase in revenue to €155.7m (£123.3m) based on continued on-pitch success. The club achieved a domestic championship (its seventh in a row) and cup double, whilst in the UEFA Champions League it reached the first knock-out round.

Despite a relatively early Champions League exit, Lyon received centrally generated revenues of €27.3m (£21.6m) from UEFA, a €4.7m (21%) increase on the previous year when they were eliminated at the same stage. In addition, new French broadcasting deals helped drive broadcasting revenue to €75m (£59.4m), 48% of total revenue.

Commercially, Lyon have continued their upward trend and increased revenues by €9.7m (20%) to €58.9m (£46.6m) to further reduce dependency on broadcasting income. The club has ambitious plans to establish several soccer schools in Northern Africa, the Middle East, India and the USA in the coming years as it seeks to grow its international brand and increase revenues from this source.

Lyon's matchday income of €21.8m (£17.3m) from 26 home matches represents one of the lowest figures of all Money League clubs (€0.8m on average per game). It contributes just 14% to the club's total income, and highlights Lyon's need for a more modern and commercially orientated stadium.

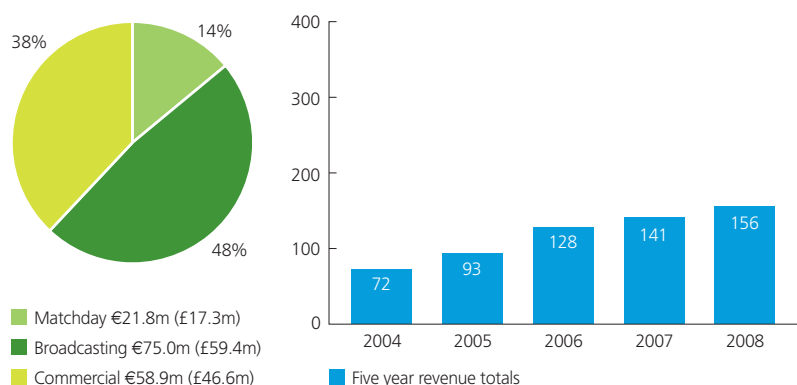
Plans to open a new 60,000 capacity stadium have been postponed until 2013. Regardless of the delay, completing construction on the new stadium and delivering substantial increases in matchday and commercial revenues, particularly through larger

corporate facilities and potentially a naming rights partner, remains critical in driving long term revenue growth. To help enhance revenues from these opportunities, the club has extended its cooperation with sports marketing agency Sportfive for another ten years, guaranteeing the club revenues of at least €28m (£22.2m), to be paid upfront in the period until 2011.

Whilst the new stadium is vital for long term revenue growth, and is an opportunity for Lyon to potentially secure a top ten place in the Money League, continued on-pitch success and progressing to the latter stages of the Champions League will be the key to maintaining a high Money League ranking in the shorter term.



Olympique Lyonnais: Revenue sources and percentages (€m)



The club has ambitious plans to establish several soccer schools in Northern Africa, the Middle East, India and the USA in the coming years as it seeks to grow its international brand and increase revenues from this source

13. Schalke 04

€148.4m
(£117.5m)

2007 Revenue €114.3m (£76.9m)
2007 Position (16)

Schalke 04 can look back on 2007/08 as their most successful performance in the UEFA Champions League, narrowly losing out to Barcelona in the quarter-final. This helped the club to climb three places in the Money League, its best ever position. Domestically, Schalke claimed third spot in the Bundesliga.

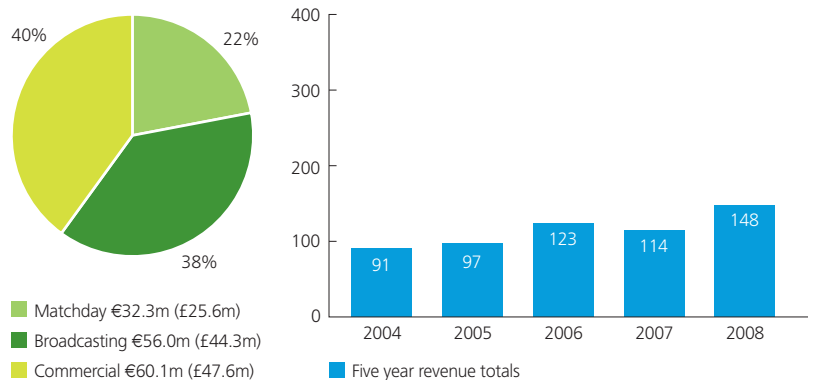
The club's strong on-pitch performance is reflected in record revenues of €148.4m (£117.5m), a rise of €34.1m (30%).

Schalke's two key revenue streams were commercial and broadcasting revenue, amounting to 40% and 38% of total revenue respectively. The club's €60.1m (£47.6m) commercial revenues are driven by substantial long term sponsorship deals with principal sponsor Gazprom, reportedly worth between €100m and €125m (£79.2m to £99.0m) depending on performances, from January 2007 until 2011/12, kit supplier adidas (until 2011/12) and stadium naming rights sponsor Veltins (until 2015).

Broadcast revenue grew by €22.1m (65%) to €56m (£44.3m), mainly due to Schalke's performance in the Champions League. The Gelsenkirchen based club received €26.9m (£21.3m) in central distributions.

Schalke continued to play in front of sell out crowds of 61,300 per game at the Veltins Arena, yet traditionally moderate ticket prices compared to certain European rivals resulted in just a €5m (18%) increase in matchday revenue to €32.3m (£25.6m), despite playing five more home games than in 2006/07.

Schalke 04: Revenue sources and percentages (€m)



Note: Schalke's annual reporting period covers a calendar year rather than a conventional football season.

In 2008/09 Schalke were eliminated from the Champions League at the qualification stage, thus missing out on significant central distributions and were subsequently eliminated from the UEFA Cup at the group stages, which will result in smaller broadcasting and matchday revenues. As a result we expect the club to have slipped down the table when we publish next year's Money League, emphasising the importance of successful on-pitch performance in driving its revenues.

Schalke continued to play in front of sell out crowds of 61,300 per game at the Veltins Arena



14. Tottenham Hotspur



€145.0m 2007 Revenue €153.1m (€103.1m)
(£114.8m) 2007 Position (10)

Tottenham Hotspur fall four places in this year's Money League despite achieving a £11.7m (11%) increase in revenue to £114.8m (€145m). On the pitch the club won its first silverware in nine years, lifting the Carling Cup, and participated in the UEFA Cup for the second successive season although it failed to match the fifth place Premier League finish it had achieved in the previous two seasons, finishing 11th.

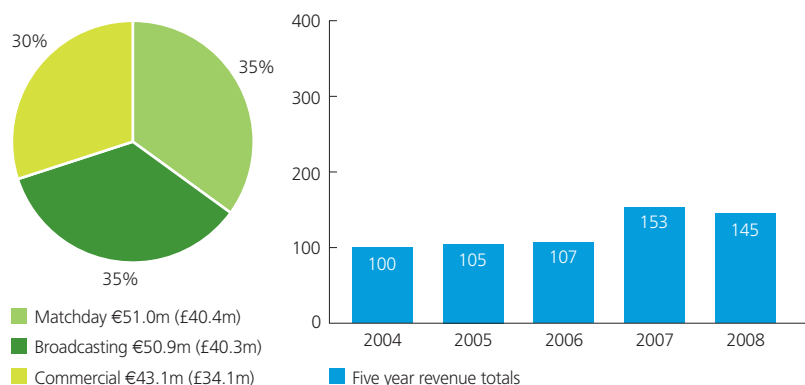
One key driver of revenue growth was a £6.6m (20%) rise in broadcasting revenues to £40.3m (€50.9m) as a result of 2007/08 being the first season of new Premier League broadcast deals, and the central payments received from its progress in the Carling Cup and UEFA Cup.

As a result of winning the Carling Cup, reaching the last 16 of the UEFA Cup and fourth round of the FA Cup, Spurs reported £10.3m (€13.0m) in cup related gate receipts and prize monies.

The £1.5m (4%) fall in matchday revenue to £40.4m (€51m) reflects the reduction in number of home games from 30 to 28, although the club consistently achieved capacity 36,000 crowds for its home league matches.

Most impressively, commercial revenue increased by £6.6m (24%) to £34.1m (€43.1m), with the club's shirt sponsorship deal with gaming company Mansion worth a reported £8.5m (€10.7m) per season and kit sponsorship agreement with Puma being key contributors. The club also reported a £2.6m (€3.3m) increase in merchandise revenues to £9.7m (€12.3m) and announced new partnerships with BT and Thomas Cook.

Tottenham Hotspur: Revenue sources and percentages (€m)



Spurs have announced plans to build a new 60,000 capacity stadium on its existing White Hart Lane site and will be hoping that such a development will deliver the step change in matchday revenues enjoyed by North London neighbours Arsenal.

This development, and the opportunities for increasing matchday and commercial revenues, combined with Champions League qualification could enable Tottenham to compete for a return to the top 10 of the Money League in future years. Tottenham's current on-pitch performance means they risk being placed lower than 14th in next year's Money League.

As a result of winning the Carling Cup, reaching the last 16 of the UEFA Cup and fourth round of the FA Cup, Spurs reported £10.3m (€13.0m) in cup related gate receipts and prize monies

15. Hamburger SV

€127.9m
(£101.3m)

2007 Revenue €120.4m (€81.0m)
2007 Position (15)

Hamburger SV retains 15th position in this year's Money League, its third successive year in the top 20, with a €7.5m (6%) increase in total revenue to €127.9m (£101.3m).

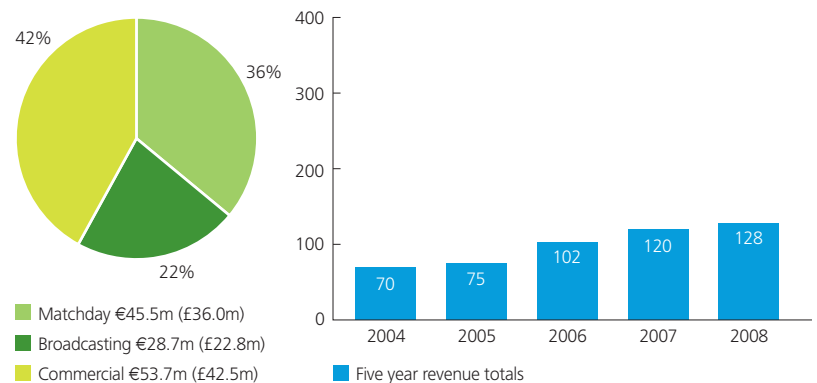
On the pitch, the club narrowly missed out on a UEFA Champions League qualification spot, finishing fourth in the Bundesliga, and reached the last 16 in the UEFA Cup.

A €12.9m (32%) increase in commercial revenues to €53.7m (£42.5m) was the key driver of revenue growth, reflecting the supportive business community in Germany's second largest city. From 2007/08, financial services provider HSH Nordbank replaced AOL as stadium naming rights sponsor in an improved three year deal worth a reported €4.5m (£3.6m) per season. The club has also entered into a new kit supplier agreement with adidas, guaranteeing a minimum of more than €2m (£1.6m) per season.

Furthermore, 'die Rothosen' have recently signed a three year extension with their shirt sponsors Emirates worth a reported minimum of €7m (£5.5m) a season from 2009/10, increasing their revenues from this source by 25%.

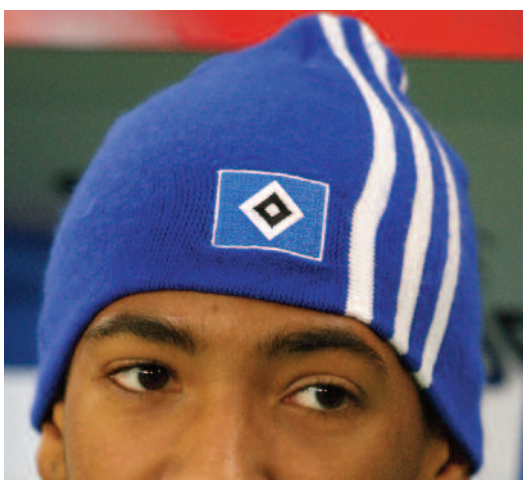
Broadcasting revenue reduced by €7.1m (20%) to €28.7m (£22.8m) as a result of the club not competing in the Champions League, although the lack of such UEFA central distributions was partially offset by increased payments from the Bundesliga's centralised broadcast deal and the individual sale of broadcasting rights for UEFA Cup matches.

Hamburger SV: Revenue sources and percentages (€m)



Matchday revenue of €45.5m (£36m) contributed 36% to total revenues, and has marginally increased by €1.7m (4%). This represents the second highest matchday revenue figure from a German club in the Money League. Hamburg commands some of the highest ticket prices in the Bundesliga and achieved an overall capacity utilisation of 97% at the HSH Nordbank Arena in the 2007/08 season, with an average league match attendance of 54,800.

Whilst Hamburg is well placed to maintain a position in the Money League in future years, success on the pitch and regular Champions League qualification are essential in order to challenge for a higher placing.



16. Olympique de Marseille

€126.8m
(£100.4m)

2007 Revenue €99.0m (£66.6m)
2007 Position (19)

Olympique de Marseille maintain a position in the Money League for the second successive year climbing three places thanks to an impressive growth in revenue to €126.8m (£100.4m).

Broadcasting revenue comprises over half (55%) of the club's total revenue and was the largest contributor to Marseille's growth, increasing to €69.4m (£55m) with revenue boosted by the club competing in the UEFA Champions League. L'OM received €20.7m (£16.4m) in UEFA central distributions as a result of reaching the Group Stage.

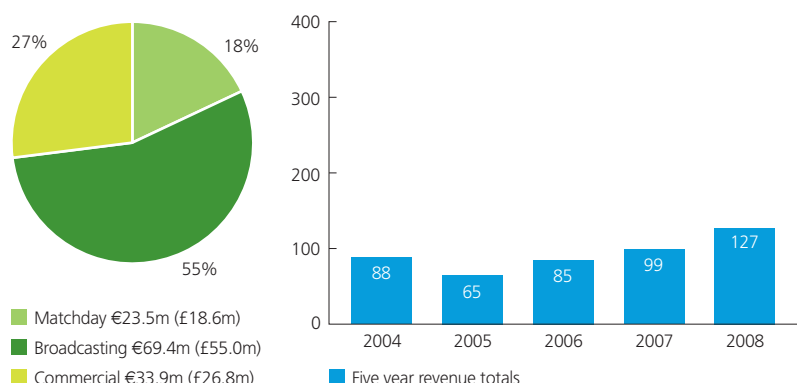
Marseille enjoy substantial support with average league attendances of 52,600 in 2007/08 – over 3,500 per game higher than 2006/07 – the highest of any club in France and ninth highest out of the Money League clubs. Matchday revenue increased by €4.5m (24%) to €23.5m (£18.6m) with the club playing 26 home matches, including three in the Champions League and two in the UEFA Cup, compared with 24 in 2006/07.

Commercial revenue remained stable with a total of €33.9m (£26.8m). The club's key contributors to this revenue are its shirt sponsorship agreement with telecommunication company Neuf and kit supply deal with adidas.

By finishing third in Ligue 1, Marseille again qualified for the UEFA Champions League in 2008/09 and is therefore strongly placed to challenge for a position in next year's Money League. Continued participation in Europe's top clubs competition and challenging Lyon's dominance of Ligue 1, is likely to be fundamental in allowing the club to grow revenues going forward and consistently appear in the Money League in future years.



Olympique de Marseille: Revenue sources and percentages (€m)



Marseille again qualified for the UEFA Champions League in 2008/09 and is therefore strongly placed to challenge for a position in next year's Money League

17. Newcastle United

€125.6m
(£99.4m)

2007 Revenue €129.4m (£87.1m)
2007 Position (14)

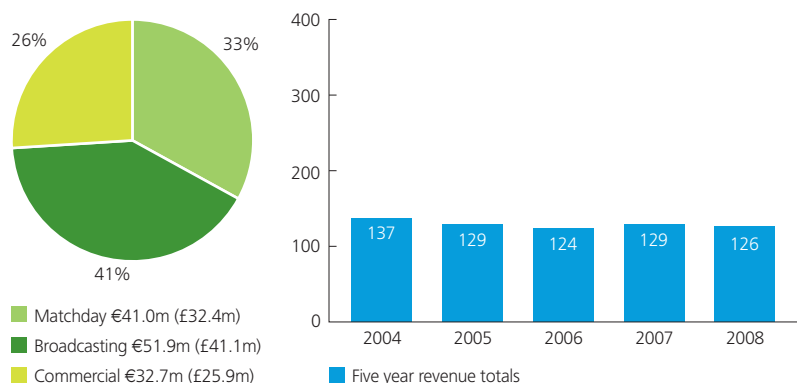
Newcastle slip three more places in this year's Money League to 17th, its lowest position for eight years. Despite revenue growth of £12.3m (14%) in sterling terms in 2007/08 to £99.4m, this translates to a €3.8m decrease in Euro terms to €125.6m due to the exchange rate effect.

Newcastle is one of only three clubs to feature in this year's Money League despite not participating in European competition in the 2007/08 season and its inclusion is an impressive testament to the club's loyal fan support and its strong brand continuing to generate substantial matchday and commercial revenues.

However, these strengths delivered less revenue than in 2006/07 and revenue growth is entirely due to the increased distribution the club received from the Premier League's new broadcasting deals, which totalled £39.2m (€49.5m) from its 12th place finish.

Following early exits to Arsenal in both domestic cup competitions Newcastle only played 21 regular season home fixtures and matchday revenues fell slightly to £32.4m (€41m). Average league attendances in 2007/08 still exceeded 50,000, but uncertainty about the future ownership of the club and disappointing on-pitch displays have seen average league match attendances for the first half of 2008/09 dip below 48,000.

Newcastle United: Revenue sources and percentages (€m)



Newcastle's long standing partnership with adidas and its shirt sponsorship with Northern Rock contributed to commercial revenue of £25.9m (€32.7m). This too is down on the previous season. In May 2008 Northern Rock announced that it would honour its contract with the club, despite the Bank being taken under government ownership.

2008/09 is the fifth consecutive season in which there has been a change of manager at Newcastle with Joe Kinnear having taken over following Kevin Keegan's departure in September 2008. Mike Ashley has now taken the club off the market and it will be hoped that stability, on and off the pitch, will improve the club's football and financial results.

Newcastle's long standing partnership with adidas and its shirt sponsorship with Northern Rock contributed to commercial revenue of €25.9m (£32.7m)



18. VfB Stuttgart

€111.5m
(£88.3m)

2007 Revenue €87.8m (£59.1m)
2007 Position (n/a)

VfB Stuttgart make a first appearance in the Money League thanks to winning the Bundesliga in 2006/07, the first time in fifteen years, and receiving a revenue boost from participation in the UEFA Champions League in 2007/08 achieving record revenues of €111.5m (£88.3m). This represents an increase of €23.7m (27%) on the previous year.

Whilst the club didn't progress beyond the group phase of Europe's top club competition, it received €19.4m (£15.4m) in central distributions driving broadcast revenue to €43.9m (£34.8m), representing 39% of total revenue. The other major component of this revenue stream is the €22.4m (£17.7m) in central distributions from the Bundesliga's broadcast deals.

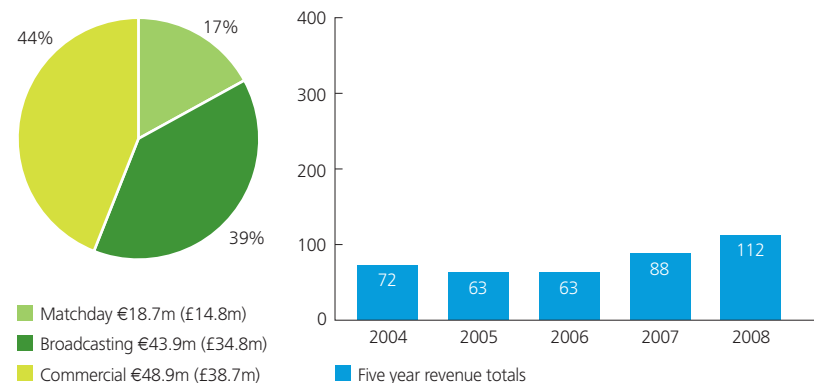
Like most other German clubs, commercial revenue accounts for the largest share (44%) of VfB Stuttgart's overall revenue as it benefits from the country's large corporate market, and receives €48.9m (£38.7m) from this revenue stream. Key contributors to this total are the club's shirt sponsorship deal with energy company EnBW (reportedly worth €6.5m (£5.1m) a season), and long term deals with stadium naming rights partner Mercedes-Benz and kit supplier Puma. The club has negotiated a new 30 year deal with the former from the start of the 2008/09 season with the stadium renamed the Mercedes-Benz Arena.

At the end of the 2008/09 season, redevelopment work is due to commence which will see the athletics track around the pitch being removed. The project is reportedly budgeted to cost in the region of €60m (£47m) and due to be completed by 2011. The overall capacity of the stadium is due to increase by 3,000 to 60,000 for Bundesliga matches, including a standing section for 10,000 fans. The increased capacity and improved facilities may enable VfB Stuttgart to further increase its matchday revenues.

Despite a disappointing domestic season in 2007/08, VfB's performance in the Intertoto Cup secured its place in the UEFA Cup. The club has successfully progressed through to the final phase of the competition, however, this is may not be sufficient to secure a place in the Football Money League in 2009.



VfB Stuttgart: Revenue sources and percentages (€m)



Note: VfB Stuttgart's annual reporting period covers a calendar year rather than a conventional football season.

Like most other German clubs, commercial revenue accounts for the largest share (44%) of VfB Stuttgart's overall revenue

19. Fenerbahce

€111.3m
(£88.1m)

2007 Revenue €87.2m (£58.7m)
2007 Position (n/a)

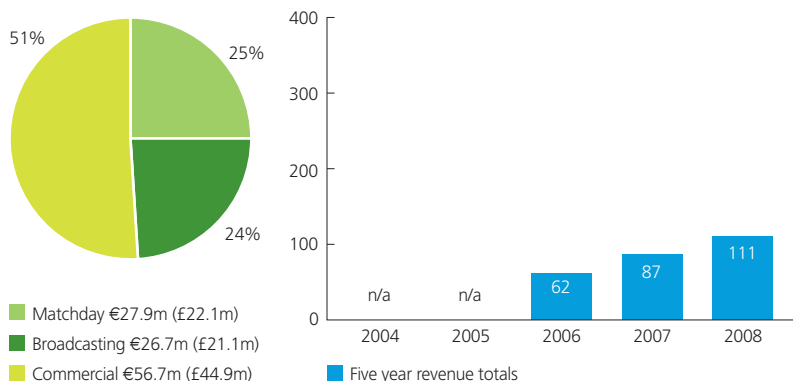
Fenerbahce is the first Turkish club to reach the Money League and the only club in this year's top 20 not from the 'big five' European leagues – in England, Spain, Germany, Italy and France – with its best ever performance in the UEFA Champions League driving revenues to €111.3m (£88.1m)

The club began its centenary year as holders of the 2006/07 Turkish Süper Lig title and continued this success in 2007/08 by reaching the knockout stages of the Champions League for the first time, before losing to finalists Chelsea in the quarter finals. The club was runner-up in the Turkish Süper Lig in 2007/08.

The Istanbul based club generated over 50% of its total revenues from commercial sources with a total of €56.7m (£44.9m) from this revenue stream. Fenerbahce, a sports club that incorporates a number of sports besides football, is able to generate significant revenue from merchandise sales and sponsorship deals, including a shirt sponsorship deal with mobile operator Avea and a kit deal with adidas. Revenues were aided by the launch of a new home and away kit in 2007/08.

Since the redevelopment of its Sukru Saracoglu Stadium, which was completed in 2006, Fenerbahce has consistently achieved home league match attendances of around 42,500 – the highest of any club in the Turkish Super League. Matchday revenues of €27.9m (£22.1m) in 2007/08 are reflective of this strong support and the club's on-pitch performance.

Fenerbahce: Revenue sources and percentages (€m)



Fenerbahce's run to the quarter finals of the Champions League delivered €17.3m (£13.7m) in central distributions from UEFA helping drive broadcast revenue to €26.7m (£21.1m)

Having failed to progress through the group stages of the Champions League in the 2008/09 season, Fenerbahce may find it tough to maintain its position in the Money League next year. However, it remains Turkey's most successful club in recent years, having won the Turkish Süper Lig three times in the five years to 2007/08 and participated in the Champions League group phase three times during this period. Continued qualification for, and success in, Europe's top clubs competition is essential if the club is to appear in the Money League in future years.

Fenerbahce become the first Turkish club to reach the Money League and the only club in this year's top 20 not from the big five European leagues



20. Manchester City

€104.0m
(£82.3m)

2007 Revenue €84.5m (£56.9m)
2007 Position (n/a)

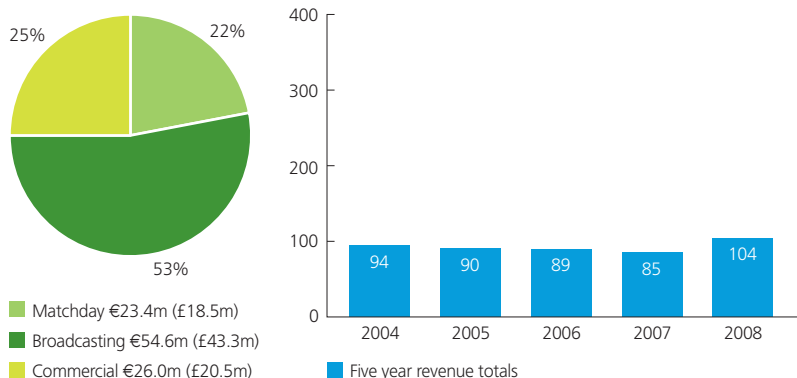
Manchester City return to the Money League after a one year absence thanks to a £25.4m (45%) increase in revenues to £82.3m (€104m), the largest relative growth of all Money League clubs. Following the acquisition of the club by Abu Dhabi based investors, Manchester City is now routinely described as “the world’s richest football club”. The owners clearly have plans to transform City into a global force with substantial investment in the playing squad.

Improved on-pitch performance with a ninth placed Premier League finish, compared to 14th in 2006/07, coupled with the league’s new broadcast deals helped drive a £18.7m (€23.6m) increase in central distributions to £39.7m (€50.1m) and increase overall broadcast revenue to £43.3m (€54.6m). Having qualified for the 2008/09 UEFA Cup, through the European governing body’s fair play system, we expect broadcast revenues to be sustained at this level in 2008/09 should on-pitch performance in the Premier League be maintained or improved.

Improved league performance coupled with a change in ticket pricing strategy which included lower prices for children helped increase home league attendances by over 2,000 (5%) to 42,100, with matchday revenues remaining constant at £18.5m (€23.4m).

With ambitions to become one of the biggest clubs in the world, Manchester City will hope the influx of playing talent will lead to a sustained in on-pitch performance improvement

Manchester City: Revenue sources and percentages (€m)



Commercial revenues increased by 45% to £20.5m (€26.0m), with 2007/08 being the first season of a new four year kit sponsorship deal with le coq sportif worth a reported £10m. In 2008, the club also extended its deal (until 2008/09) with Thomas Cook, which has been the shirt sponsor since 2004.

With ambitions to become one of the biggest clubs in the world, Manchester City leads the way in spending in the January 2009 transfer window taking the new owners’ investment in players, since assuming control in August 2008, to c.£100m. They will hope the influx of playing talent will lead to a sustained improvement in on-pitch performance. Should this vision be realised and revenues be increased across each of the three revenue streams, then City could rise up the Money League in future years. But these advances cannot be instant and first Premier League, and then European, on-pitch performance needs to reflect the club’s newfound investment.



We will get a fuller picture of the impact of the changing economic environment on clubs' revenue performance in 2009/10



Tackling the crunch

Introduction

The terms 'credit crunch' and 'economic downturn' have become everyday language in recent months, as the stress in the banking system has spread to infect the wider economy. The performance of, and forecasts for, the US, UK and the Eurozone economies have all taken a dramatic turn for the worse in recent months, and 2009 and 2010 look like being difficult years with falling output, rising unemployment and potential deflation. In this article we will outline the potential impact of the economic downturn on football, and on the Money League clubs in particular.

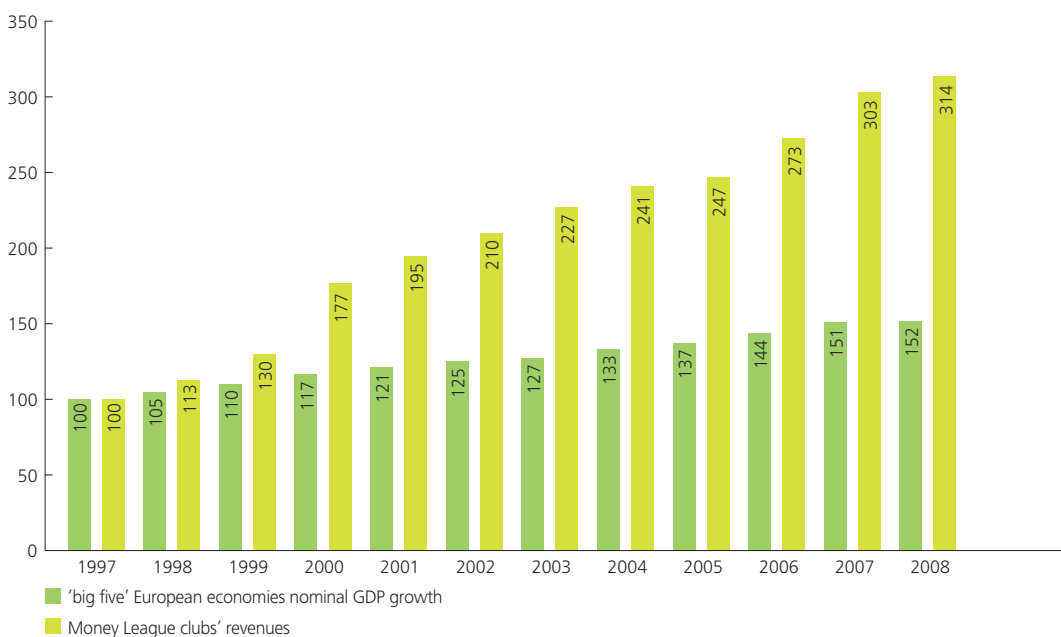
It is useful to begin, however, by reflecting on the outstanding performance of the Money League clubs since our analysis began in 1997.

The chart below clearly demonstrates how the Money League clubs' revenue growth has comfortably exceeded that of the 'big five' European football nations' economies during the last decade. The business

side of football has also developed an extremely high profile and is now an integral part of many people's perception of, and interest in, the sport. Key questions are being asked as to how the economics of football will be buffeted by the turbulence in the economy, and the extent to which clubs can weather the storm.

It is almost 20 years since the last UK recession, which makes forecasting the impact based on historic experience extremely difficult. Football was a very different industry in the early 1990s, both in terms of revenues and commercial development. In 1991/92, the last season before the formation of the Premier League, the former Division One clubs had collective revenues of £170m. By contrast the revenues of the 20 Premier League clubs in 2007/08 is projected at over ten times this amount at £1.9 billion. Moreover, the combined 1991/92 revenue of all Division One clubs has now been exceeded by the annual revenue of six individual Money League clubs including three from the Premier League.

Chart 2: Indexed nominal GDP growth of the 'big five' European football nations' economies and Money League clubs' revenue, 1997-2008



Note: Index (1997 = 100)

Source: Deloitte analysis; Eurostat.

In 1991/92, the last season before the formation of the Premier League, the former Division One clubs had a collective turnover of £170m. By contrast the revenue of the 20 Premier League clubs in 2007/08 is projected at over ten times this amount at £1.9 billion

Comparisons with the late 1970s and early 1980s are even more challenging. In commercial terms the football business was barely embryonic – the first major shirt sponsorship deal in England, between Liverpool and Hitachi, was only signed in 1979.

It is also worth noting that many Money League clubs analysed here are the elite of world football – and as such are iconic brands in their own right. As such they benefit from considerable demand (in many cases exceeding supply in terms of ground capacity), often playing to sold out stadia, with top tier sponsorship deals and supporters all over the world following their teams through a variety of media. This may help them to navigate the recession better than clubs further down the football pyramid where there is a more local focus, an excess of seat supply over demand, and where selling sponsorship and advertising inventories already presents a challenge.

With few historical benchmarks our conclusions have been informed by a series of consultations with a sample of Football Money League clubs, to understand their experiences to date, their expectations and outlook for the future, and the strategies they are employing to mitigate anticipated impacts.

In the following pages we examine, in turn, each of the three key components of revenue (matchday, media and commercial), as well as costs and financing issues.

The price is right

Since the early 1990s many football clubs have been exceptionally successful in transforming their stadia into highly impressive venues and adding lucrative corporate hospitality and non-matchday elements to their operations. In England alone, clubs invested £2.4 billion in stadia development between 1992/93 and 2006/07, which transformed their revenue generating ability, as attendances and spend per head grew strongly as a result.

The advances made in the UK have been followed by many of the leading Money League clubs across Europe, who now play in venues unrecognisable from those they called home 20 years ago. Most recently, in the run up to the 2006 World Cup almost €1.4 billion was invested in redeveloping the 12 German stadia which hosted matches. This has facilitated a significant increase in Bundesliga clubs' corporate revenues. Despite the developments in broadcasting and commercial markets, matchday revenue contributes over €1 billion in revenues for the 20 Money League clubs, 26% of the total.

Many commentators have suggested that with continuing economic uncertainty and its impacts affecting the budgets of individuals and businesses, clubs may see attendances fall back, with a corresponding impact on matchday revenues. However, top class football is a compelling product and an important element of people's lives. Many of the Money League clubs play to sold out stadia, with waiting lists for season tickets and games selling out well in advance. The desire to see live football remains strong – and many individuals may choose to cut their expenditure in other areas such as eating out, holidays and even more mundane weekly shopping items in order to retain their season ticket fix. In addition, football attendance is strongly habit forming and also offers a social aspect, and a release – a valuable diversion from the difficulties of everyday economic life.

Table 1: 2007/08 and 2008/09 (year to date) attendance for Money League clubs

Club	Average attendance 2008/09 ¹	Average attendance 2007/08	Increase/ (decrease)	Change %	Capacity 2008/09	Capacity utilisation % 2008/09
Real Madrid	71,800	76,200	(4,400)	(6%)	80,000	90%
Manchester United	75,400	75,700	(300)	(0%)	76,200	99%
FC Barcelona	69,000	67,300	1,700	2%	98,800	70%
Bayern Munich	69,000	69,000	-	-	69,000	100%
Chelsea	41,700	41,400	300	1%	41,800	100%
Arsenal	60,000	60,100	(100)	(0%)	60,400	99%
Liverpool	44,200	43,500	700	2%	45,400	97%
AC Milan	60,300	55,900	4,400	8%	80,100	75%
AS Roma	41,900	36,200	5,700	16%	72,700	58%
Internazionale	53,300	51,400	1,900	4%	80,100	67%
Juventus	22,100	21,800	300	1%	25,400	87%
Olympique Lyonnais	37,100	37,300	(200)	(1%)	40,500	92%
Schalke 04	61,300	61,300	-	0%	61,500	100%
Tottenham Hotspur	35,900	36,000	(100)	(0%)	36,300	99%
Hamburger SV	54,600	54,800	(200)	(0%)	55,000	99%
Newcastle United	47,800	51,300	(3,500)	(7%)	52,400	91%
Olympique de Marseille	52,100	52,600	(500)	(1%)	60,000	87%
VfB Stuttgart	51,100	51,200	(100)	(0%)	57,000	90%
Fenerbahce	42,400	42,500	(100)	(0%)	52,000	82%
Manchester City	43,700	42,100	1,600	4%	47,700	92%
Average	51,700	51,400	300	1%	59,600	87%

Note: Average attendances for domestic home league matches only. Attendances and capacities have been rounded to the nearest 100.

Key:
¹ Average attendance correct up to 31 December 2008. Information in respect of Italian clubs is correct up to round 15 of Serie A (7 December 2008).

Source: Deloitte analysis; DFB; FA Premier League; Lega Calcio; LFP (France); European Football Statistics; Sky Sports Football Yearbook; and individual club websites.

So what has been the impact on attendances so far? The table above illustrates 2008/09 attendances for the Money League clubs compared with last season. Overall attendances are slightly up, with some clubs, notably Roma and AC Milan, seeing attendances increase strongly. Only two clubs, Real Madrid and Newcastle United, have seen a significant (over 5%) reduction in attendances this season. These reductions can largely be explained by on-pitch performance. A further eight clubs have seen absolute attendance falls, but these are marginal.

Furthermore, capacity utilisation remains high with eight clubs having over 95% utilisation indicating a continuing excess of demand over supply. These levels of support might suggest that any future drop off in attendance could be filled by other supporters currently frustrated by the lack of opportunities to attend.

The corporate hospitality market has been a key growth area for many clubs and modern stadia may now incorporate 10-15% of capacity as corporate seating. Customers pay premium prices for their matchday experience, enhanced by exclusive car parking, catering, player appearances and other benefits. At some Money League clubs up to 40% of matchday revenues are generated from these corporate areas.

Throughout the last decade corporate hospitality at league football has stood the test of time. This is partly because it is a relatively inexpensive activity, compared with other one-off events. Also, seasonal packages provide regular hospitality options, offering companies various opportunities compared to the single, high profile, one-off events available in alternative venues.

However, the question is not necessarily one of comparing football against other hospitality opportunities, but more of the extent to which overall hospitality budgets survive the downturn. Many expect corporate hospitality to be the hardest hit of all football club revenues. Clubs acknowledge that the economic situation is already squeezing marketing and hospitality budgets hard. Summer 2008 was a difficult renewal period with customers in some sectors of the economy and some clubs have already seen an impact on match by match hospitality at certain games, while others have noted that some corporate clients are 'trading down' in terms of catering options to minimise costs.

One aspect which might work in clubs' favour is that many corporate customers are small businesses, fans in their own right who have been able to 'trade up' – for such people there may be a desire to retain football at the expense of cuts in other areas if possible, or at the very least to only 'trade down' to a season ticket, not abandon the club altogether.

Many expect corporate hospitality to be the hardest hit of all football club revenues. Clubs acknowledge that the economic situation is already squeezing marketing and hospitality budgets hard

To a degree, football has been insulated by the seasonal nature of many ticket and membership packages. Many clubs sell much of their capacity – both general admission (GA) and corporate – on an annual basis, with the key sales period occurring during the early summer. At the biggest clubs only a small amount of capacity is sold on a match by match basis. Although the downturn was already being felt in some sectors six to nine months ago when renewal decisions were made, there has been a notable turn for the worse in confidence in the wider economy since then, and this is now translating into increased unemployment and declining economic activity. All clubs know that this summer's renewal process – both for individuals and corporates – will present a key challenge.

Many clubs will be carefully considering their marketing and pricing strategy for the 2009/10 campaign in the light of current economic circumstances. We have seen some evidence of ticket price discounting at GA and corporate levels, particularly for domestic cup matches but also in less attractive league fixtures on a selective basis. More than in recent years clubs will need to be confident both that they understand the price elasticity of demand and that they strike a balance between filling their stadia and not 'leaving money on the table' by discounting tickets and corporate packages which would sell anyway. Price is one of the few variables over which clubs have complete control, and in an uncertain market it will be critical to get the price right. Targeted and focused market research can prove invaluable in informing management discussions by quantifying key price points and providing indicative conclusions on the impact of price variations on demand.

Although the summer period will be key, in the medium term the wider economic climate may have even more impact. Forecasts for economic growth have been downgraded continuously over the past 12 months. Should current projections for business failures and unemployment prove to be too optimistic, purchasing decisions may ultimately be taken out of individuals' hands by changes to economic circumstances – which may be the catalyst for fundamental changes in behaviour.

Screen Test

Broadcasting has been the main driver of revenue growth for Money League clubs since we began our analysis in 1996/97. In 2007/08, broadcasting revenue accounted for €1.6 billion (41%) of the €3.9 billion in total revenues generated by the top 20 clubs, and remains the largest revenue stream for 12 of the top 20 clubs.

So is revenue from this, the most important, source likely to come under threat during the economic downturn? There is strong evidence that many clubs will continue to benefit from sustained or even improved revenues for the foreseeable future, as several leagues and clubs benefit from multi-year contracts whilst recently negotiated deals by certain leagues and clubs emphasise the continuing importance of domestic league football in driving Pay-TV business models.

For clubs in three of the 'big five' European leagues, domestic league broadcast contracts are negotiated centrally on behalf of member clubs meaning that this revenue stream is outside of the clubs' direct control. These three leagues will be joined by Serie A from 2010.

2008/09 is the first year of new French Ligue 1 broadcasting deals running for four years until 2011/12 at slightly increased values which should deliver stable revenues for French top-tier clubs. In November 2008, the Deutsche Fussball Liga (DFL) negotiated new broadcast deals for the Bundesliga for the four years from 2009/10, again at slightly improved values.

The Premier League is currently conducting a tender process for its broadcast rights for the three year period from 2010/11, with the outcome of these negotiations and the values achieved likely to be crucial in determining the number, and ranking, of English clubs in the Money League from 2010/11.

The domestic live rights remain critical content for the incumbent domestic live rights holders, BSkyB and Setanta, which ensured a competitive market remained for the new tender. The combined value of the new contracts with BSkyB and Setanta starting in 2010/11 are a 4% increase on current deals. The renewal of the BBC highlights deal at a similar price has been seen as a positive signal for Premier League club finances. In addition, many analysts, ourselves included, believe the most significant growth may be in selling the Premier



League rights outside the UK. These increased by over 100 per cent (to c.£225m per season) for the current period. The depreciation of the pound compared to other major currencies also potentially yields additional benefits for Premier League clubs. \$50m was worth £27m at May 2006 rates when certain international rights deals were announced. Now, as the rights are back in the market, it is worth £35m.

Spanish Superclubs Real Madrid and Barcelona continue to benefit from individually negotiated deals with current contracts, both with Mediapro and running until 2012/13, generating significant uplifts compared to previous deals and driving revenue growth for these clubs in recent years.

Italy's top clubs will face the greatest threat to their broadcast revenues, with the decision to return to collective selling from 2010/11. Even if central deals yield more than the sum of current individual deals, which is not certain, despite the guarantee from sports marketing company Infront of €900m per season, the revenue to top clubs is expected to reduce due to the more equal distribution of revenues among clubs.

The growth of the UEFA Champions League has played a key role in driving revenue growth for Europe's top clubs since the competition began in 1992/93. New three year deals from 2009/10 have been concluded throughout 2008 in each of the big five markets with differing outcomes.



Rights deals in the UK, Spain and Germany, all negotiated in the first part of 2008, generated significant uplifts whilst the deals concluded in Italy and France in the second half of 2008, when the economic downturn accelerated, decreased in value slightly compared to previous deals.

Whilst the value of deals negotiated cannot be wholly attributed to the buoyancy of economic markets, with other key factors such as the competition within each market and the composition of rights packages being important, there is likely to be a significant impact on the level of payments to clubs in future seasons as 50 per cent of UEFA's overall payments to the 32 clubs competing from the group stage onwards are related to the size of broadcast deals in their home market.

Table 2: Current and future deals for the UEFA Champions League in the 'big five' European markets

Country	Month of announcement of new deals	Current deals (2006/07 to 2008/09) €m p.a.	New deals (2009/10 to 2011/12) €m p.a.	Uplift
UK	March 2008	107	179	67%
Germany	June 2008	65	85	35%
Spain	July 2008	69	91	32%
France	December 2008	63	52	(17%)
Italy	December 2008	111	98	(12%)

The value of UK broadcast deals have been converted into Euros at the rate as at 30 June 2008 (£1 = €1.2632). Estimated £ value for deals 2006/07 to 2008/09 is £85m p.a. and for 2009/10 and 2011/12 is £142m p.a.

Source: UEFA, Media reports, Deloitte analysis.

Football remains a strong marketing proposition for global companies, not least because football fans include the difficult to target male ABC1 demographic

Deal or no deal?

Many Money League clubs have been extremely successful in developing commercial revenue, such that, on the whole, this accounts for 33% of the Money League clubs' aggregate revenues. For five clubs, commercial revenue, generated from sponsorship, advertising, merchandise and licensing, comprises the largest individual share of revenue.

The cornerstones of Money League clubs' commercial revenues are their key sponsorship deals (shirt front and kit), and retail revenue. Money League clubs offer unique global exposure and partnership possibilities which are unlikely to be available through the majority of other commercial properties, and this has helped to develop and sustain values. At a time of economic uncertainty discretionary budgets are often the first to be cut, with sponsorship and marketing spending pared back to the minimum. There is a risk that some companies will withdraw from the football market in the short term, leaving some clubs without potential partners.

Nonetheless, football remains a strong marketing proposition for global companies, not least because football fans include the difficult to target male ABC1 demographic. Despite the economic conditions, we have seen some Money League clubs continuing to broker second tier partner deals. Perhaps more than in the past clubs will need to tangibly demonstrate the benefits of partnership in their negotiations with potential partners. The early stage evidence and arguments from this recession regarding matchday and broadcast revenues above should help in persuading corporate partners of the enduring power of football.

Table 3: Summary details of Money League clubs' current shirt sponsorship partnerships

Club	Shirt sponsor ¹	Industry	Start of relationship	End of current contract	Duration of relationship years
Real Madrid	Bwin	Betting and gaming	2007/08	2009/10	3
Manchester United	AIG	Insurance and financial services	2006/07	2009/10	4
FC Barcelona	Unicef ²	n/a	2006/07	2010/11	5
Bayern Munich	T-Home (Deutsche Telekom)	Telecommunications	2002/03	2009/10	8
Chelsea	Samsung	Electronics	2005/06	2009/10	5
Arsenal	Emirates	Travel	2006/07	2013/14	8
Liverpool	Carlsberg	Beverages	1992/93	2009/10	18
AC Milan	Bwin	Betting and gaming	2006/07	2009/10	4
AS Roma	Wind	Telecommunications	2007/08	2009/10	3
Internazionale	Pirelli	Automotive parts	1995/96	not disclosed	14
Juventus	New Holland	Agricultural products	2007/08	2009/10	3
Olympique Lyonnais	Accor	Travel	2006/07	2010/11	5
Schalke 04	Gazprom	Utilities and power	2007/08	2011/12	5
Tottenham Hotspur	Mansion	Betting and gaming	2006/07	2009/10	4
Hamburger SV	Emirates	Travel	2006/07	2011/12	6
Newcastle United	Northern Rock	Banking and financial services	2003/04	2009/10	7
Olympique de Marseille	Neuf telecom	Telecommunications	2003/04	not disclosed	6
VfB Stuttgart	EnBW	Utilities and power	2005/06	2009/10	5
Fenerbahce	Avea	Telecommunications	2004/05	2008/09	5
Manchester City	Thomas Cook	Travel	2003/04	2008/09	6
Average duration of relationship					6

Key:

- 1 Some clubs display different brands on home, away and third shirts. The shirt sponsor in the table above refers to the clubs' main shirt partner.
- 2 FC Barcelona do not receive any payment for wearing the Unicef logo on their shirt. Instead Barcelona support Unicef's work with a €1.5m payment each season.

Source: Deloitte analysis; Press releases and media reports; Sportcal.

The major commercial deals are often more than 'pure' sponsorship deals and develop into long term strategic partnerships. As the table above shows, Money League clubs' shirt sponsorship partners have, on average, committed to a relationship with the club for six years.

Despite these strengths, we have unsurprisingly seen some evidence of the impact of the downturn. AIG, Manchester United's shirt sponsor, bailed out by the Federal Reserve in the US, has since declared that it will not renew its shirt sponsorship when it expires at the end of 2009/10. In addition, West Ham United (which made their last appearance in the Money League in 2005/06) went almost three months of the season without a shirt sponsor following the collapse of travel company XL, while their Premier League rivals West Bromwich Albion have not been able to agree a suitable shirt deal for 2008/09. Elsewhere, six Liga clubs started the season with no shirt sponsor.

Many express confidence that Manchester United, as Champions of Europe, will be able to source at least as strong a deal with a replacement as they had with AIG. If they can do this, whilst others struggle, it will reinforce another theme of the analysis of the impact of the downturn – a flight to quality, as bigger leagues and clubs come through relatively stronger than the average.

Only two of the 20 Money League clubs (Manchester City and Fenerbahce) have a shirt deal which expires at the end of 2008/09. Given the profile of these clubs, their ambitions and the exposure they can deliver to a partner, we consider it unlikely that they will not be able to conclude a replacement for 2009/10. However, a further ten clubs see their shirt deals expire at the end of the 2009/10 season, so will already be seriously considering their renewal strategy.



The launch of new kits and the summer renewal period will be a key indicator of the extent to which the merchandise market may be affected

As far as technical or kit sponsorship deals are concerned, the Money League clubs offer significant replica kit sales opportunities, given the size of their fanbases. The two biggest kit manufacturers (Nike and adidas), which account for 16 of the Money League clubs' kit deals (including Olympique Lyonnais' kit supplier, Umbro, now owned by Nike), have a number of long term strategic deals which deliver real returns for both parties. We consider it unlikely that either of the major kit suppliers would withdraw from football.

Our consultations with major clubs have reported that, to date, merchandise sales have largely met expectations. As with season ticket sales, the launch of new kits and the summer renewal period will be a key indicator of the extent to which the merchandise market may be affected.

Beyond the Money League clubs the picture may not be so clear cut. Smaller clubs, offering reduced exposure, fanbase and on-pitch success may be less attractive to a partner and given the difficulties in the market may have a more challenging negotiating position. Deals will be doable although, as with ticket prices, clubs may need to work harder to support their price expectations, or adjust them accordingly.

Going for gold

Our analysis in the Annual Review of Football Finance has demonstrated that most clubs are effectively 'not for profit' businesses, with, at best, small profit margins and the majority of revenue flowing out in wages and transfer fees.

With budgets largely fixed annually, and the current season budgets set before the credit crunch spread to the wider economy, it is unlikely that clubs have aggressively cut their expenditure. Furthermore, the arrival of new owners at Manchester City has provided a significant injection of capital into the transfer market (much of which will circulate within the football economy), and has helped to sustain overall transfer spending.

Initial figures relating to transfer spending this season suggest that spending is indeed holding up. Premier League clubs alone spent over £500m during the summer 2008 transfer window, while in January 2009 their spending totalled a further £170m. In the last 12 months the level of transfer spending by Premier League clubs has again set record levels. The pattern of spending across Europe in January 2009 repeated that seen in January 2008 with England's top clubs spending more than the rest of the 'big five' Leagues combined.

In broad terms we expect wages will again have grown at a similar rate to revenues, and the key challenge for clubs is to ensure that flexibility is built into the wage structure to account for any potential downturn in revenues. Although 2007/08 wage levels are at this stage not publicly available, a number of Money League clubs appear to be moving towards greater cost flexibility through performance related pay structure, with players receiving significant bonuses based on on-pitch performance. The challenge for all our Money League clubs remains to manage wage levels within the limits of revenues, especially for the mid table clubs.

Play your cards right

The current downturn had its root in the financial markets, in particular in respect of financial institutions' lending policies. Clearly there has been a step change in policy in this respect, with an increasing focus on balance sheets and debt servicing costs in the business world, which applies to football as much as other sectors of the economy. So how might football clubs be affected?

Debt is not necessarily a bad thing for clubs – as long as it is manageable within the club's existing operations then it is sustainable and repayable. We sometimes draw a high level comparison with domestic mortgages – many people hold mortgages on the properties in which they live, it is only when the mortgage becomes unserviceable that difficulties occur. As we have described above we expect a strong degree of resilience in football club revenues and would hope to see more direct linkage of costs to revenues. Therefore, overall we expect Europe's top clubs to be in a strong position to manage their debts.

Like for like debt comparisons between specific clubs can be difficult to make, due to the very different natures of debt financing structures, while structural differences between clubs in different countries makes cross border comparisons even more difficult. For example, for some clubs stadium ownership and investment may be held by a party other than the club, whereas some clubs may incur debt to invest in their facilities.

Some clubs have adopted a benefactor type model, the traditional method of financing football clubs. In broad terms Mr Abramovich's financing of Chelsea follows this model, albeit on a grand scale. The ability of clubs which have benefited from funding from benefactors may be impacted by the performance of the wider portfolio of the benefactor's investments.

Other clubs have employed debt financing more typical of the credit markets in the wider economy. This is a very different proposition which may bring challenges. For these clubs, possible impacts may include:

- Difficulties in extending or replacing current financing arrangements;
- Unavailability of funding for those clubs considering stadium investment;

- A reduction in property asset values diminishing available security for credit;
- Increased risk of customer failures;
- Difficulties in obtaining credit insurance; and
- As a result, a liquidity shortage, potentially leading to more references to going concern uncertainties in clubs' accounts.

The wider economic uncertainty and limitations in the availability of debt financing has also resulted in a reduction in the number of active potential investors for football clubs. However, even considering the impact on the wider lending market, we may still see greater activity in the football market than in certain other sectors. Football remains an exciting, compelling and alluring market for investors, whether that is for investment fund or credit schemes to finance player transfers or outright takeovers of clubs. We have already seen evidence of interest in the sector, the Manchester City takeover being a key case in point.

And now, the weather

Like all businesses, football clubs are currently operating in a very uncertain economic environment. It is difficult to make predictions of how long and severe the recession may be, and when the recovery will begin.

However, the fundamentals underpinning the Money League clubs' development – a large and loyal supporter base, a strong relationship with broadcasting and attraction to commercial partners, appear likely to continue regardless of the economic climate. This should provide Money League clubs with a strong foundation to weather the storm.

That is not to say that football as an industry will emerge from the difficulties completely unscathed. Some clubs further down the football pyramid may face difficulties, with falling gates, an increasingly difficult corporate market, and, most particularly, a cost base that is insufficiently flexible to handle a revenue decrease. We may well see insolvencies at some clubs, as we have always seen in difficult times. Even the biggest cannot be complacent. Football remains resistant, not immune, to the wider economic malaise around it.

Contacts

Manchester

Dan Jones, Paul Rawnsley, Alan Switzer or Catherine Bayley
PO Box 500, 2 Hardman Street, Manchester, UK M60 2AT
Telephone: +44 (0)161 455 8787
Fax: +44 (0)161 455 6013
E-mail: sportsteamuk@deloitte.co.uk

London

Pete Hackleton or Mark Roberts
Hill House, 1 Little New Street, London, UK EC4A 3TR
Telephone: +44 (0)20 7936 3000
Fax: +44 (0)20 7583 8517
E-mail: sportsteamuk@deloitte.co.uk

For further information, visit our website at www.deloitte.co.uk/sportsbusinessgroup

Deloitte refers to one or more of Deloitte Touche Tohmatsu ('DTT'), a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTT and its member firms.

Deloitte LLP is the United Kingdom member firm of DTT.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Deloitte LLP would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Deloitte LLP accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

© 2009 Deloitte LLP. All rights reserved.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Tel: +44 (0) 20 7936 3000 Fax: +44 (0) 20 7583 1198.

Designed and produced by www.heliographic.co.uk

Member of Deloitte Touche Tohmatsu