

# Football Money League

*Gate receipts*



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# Welcome

By Dan Jones, Partner, Sports Business Group at Deloitte.

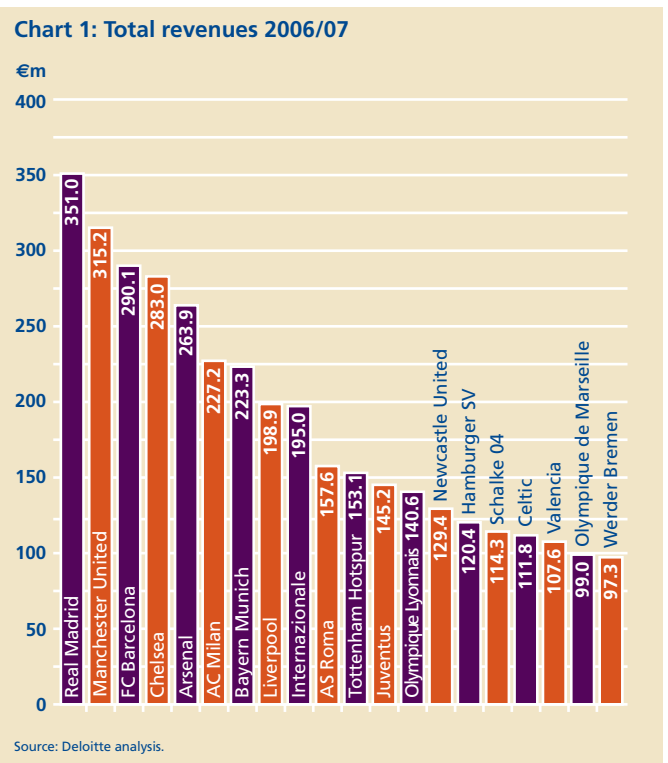
Welcome to the eleventh edition of the Deloitte Football Money League, in which we profile the largest clubs in the world's most popular sport. Being released less than nine months after the end of the 2006/07 season, and as soon as all the clubs' revenue figures are available to us, the Money League is the most contemporary and reliable analysis of clubs' relative financial performance.

In this publication we compare clubs using revenue from day to day football business operations. We believe that our methodology – outlined in more detail in 'How we did it' – represents the best publicly available financial comparison. We are aware that in some cases clubs have other financial performance measures that they may consider to be a better basis for comparison. Some would prefer a profit measure, rather than a comparison of revenues. Even with regard to revenues there is debate as to the 'right' figure. Some have publicised their 'gross revenue' i.e. including the amounts earned by outsourced partners from deals with clubs rather than the 'net' amount that is recognised in the club's accounts and/or the inclusion of player transfer receipts. Others would prefer to include revenues from sources not directly connected with day to day football club operations, such as property development.

Some analysts would shy away from financial measures altogether and use alternative methods to determine the relative size of football clubs – including measures of fanbase, attendances, TV audiences, or on-pitch success. We welcome, and in this edition provide some input to, this debate. Nonetheless, we have stuck with our tried and tested measure, and the results again provide a fascinating snapshot into the business development of the world's favourite sport. Whilst our analysis focuses on the business of football, we do, of course, respect that football is a game above all and it is more important to win trophies than to generate money.

The level of interest in football shows no sign of waning and, especially for our Money League clubs, revenues continue to grow. The top 20 clubs' collective revenues grew by 11% to €3.7 billion in 2006/07, the highest rate of growth since 2002/03. The 20 clubs now generate more than three times the combined revenue of the clubs in the first Money League in 1996/97, while the club which topped the first Money League, Manchester United, now generate more in matchday revenue alone than it did in total in 1996/97.

Congratulations to Real Madrid, who complete a hat-trick of seasons in first position. They become the first club with revenue above €350m, and seem well on the way to break the €400m barrier in future seasons. Manchester United, whose revenue leapt by 30%, pass the €300m mark to retake second place even on a net, not gross, revenue basis, while Barcelona consolidate their strong performance in recent seasons and complete the top three. Arsenal's move to the Emirates Stadium has transformed their revenues and they rise four places into the top five for the first time, joining United



“The top 20 clubs’ collective revenues grew by 11% to €3.7 billion in 2006/07, the highest rate of growth since 2002/03. The 20 clubs now generate more than three times the combined revenue of the clubs in the first Money League in 1996/97.”

**“Germany undertook significant stadium development to stage a tremendously successful 2006 World Cup and its clubs have enjoyed a boost in attendances and revenues as a result.”**

and Chelsea. This is the first time that any country has had three clubs in the Money League top five. Tottenham Hotspur also rise four places, and are close to a top ten place themselves, after their most successful on-pitch performance in years.

Germany undertook significant stadium development to stage a tremendously successful 2006 World Cup and its clubs have enjoyed a boost in attendances and revenues as a result. This, together with the impact of a new broadcasting deal, helped the Bundesliga to its record level of Money League representation this year, with four clubs in the top 20.

As the football business continues to develop, further evidence of sustained financial polarisation in the sport emerges. We still have 11 ever present clubs, plus Chelsea (who have appeared in all but one edition). And, although AS Roma became the first club to break into the top ten since Newcastle United in 2002/03, this was largely due to the extraordinary one-off relegation of Juventus to Serie B as a result of the ‘Calciopoli’ scandal. Juventus themselves drop to twelfth position, and become the first, and we strongly expect last, club from outside a country’s top division to appear in the Money League. Their return to Serie A and strong performance to date this season means that the ‘traditional’ top 10 is likely to be back in place next year.

As these polarised positions are cemented, some notable ‘leagues within the league’ are starting to appear. Arsenal, in fifth, even without their property development revenues, have a lead of nearly €40m over Milan in sixth place, while the gap between Inter and Roma in ninth and tenth places is another €40m. Climbing towards the top of the Money League requires a step change in revenues. A good season on the pitch alone cannot bridge these gaps.

The continued interest in the game, deregulation of broadcast markets, convergence of technologies and recognition of the power of football as content that pulls large audiences to live broadcasts continue to fuel revenue growth. The implementation of the proposed move to collective selling in Italy in 2010 is likely to have significant implications for our Italian representatives’ revenues, and will leave Spain out on its own as the only Big Five country retaining the individual sales model. Even there, signs are emerging of pressure for a future move to collective selling.

The most successful and strategically clear thinking clubs continue to diversify and broaden their revenue mix to balance their business, protect against shifts in the broadcast market and steal a march on their competitors. Stadium development has underpinned many of the recent changes in both the composition, and hierarchy, of the Money League. Since the millennium a number of major stadium developments have taken place, delivering impressive revenue increases as a result, and various commercial initiatives – sometimes including new ideas from other sports and/or countries – are evolving. We comment on recent developments in both the stadium and broadcasting markets in feature articles in this edition, and will continue to track their impact in future Money Leagues.

This year we have six English representatives, four from Germany, and Italy, three from Spain, and two from France and one from Scotland. However, the first year of new Premier League broadcasting deals could see next year’s Money League looking very different. With four English clubs already ‘bubbling under’ the lower reaches of our top 20 we think 2007/08 could see England providing half the Money League clubs. The next edition could also see the entry level for a top 20 place raised to be revenue above €100m (£67.3m) (a level achieved by only Manchester United in our first edition, just over a decade ago). We also expect the 2009 edition to be the first year in which only the Big Five countries are represented.

**“Successful and strategically clear thinking clubs continue to diversify and broaden their revenue mix to balance their business, protect against shifts in the broadcast market and steal a march on their competitors.”**

## How we did it

We have used, for each club, revenue extracted from the club's annual financial statements, or other direct sources, for the 2006/07 season. In some cases, the annual financial statements cover the calendar year, not a whole season, in which case we have used the figures for the most recent calendar year available if we have been unable to obtain figures in respect of the 2006/07 season.

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 to IFRS for the 2006/07 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 analysed 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 both domestic and international competitions. Commercial revenue includes sponsorships and merchandising revenues. For a 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 different commercial arrangements and how the transactions are recorded in the financial statements; 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.

All figures for the 2006/07 season have been translated at 30 June 2007 exchange rates (£1 = €1.4856). Comparative figures have been extracted from previous editions of the Money League.

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. For the Money League we use revenue as the most easily available and comparable measure of financial performance. ●

At the bottom of the top 20 table, where on-pitch performance (and in particular Champions League participation) often tends to be the difference between appearing in the Money League and just missing out, this year we have lost Manchester City, Rangers, West Ham United and Benfica. In their place Celtic, Valencia and Olympique de Marseille return and there is a debut Money League appearance for Werder Bremen.

### Our focus this year

In addition to profiling the top 20 clubs and their revenue sources we provide three additional articles this year. Firstly, we address a question which we are often asked – what are the alternative methods by which the relative strengths of clubs can be measured? Then, we provide an update on trends in the ever changing broadcast market and the influence the selling arrangements in different countries have on the composition of, and ranking within, the top 20. Finally, we review the impact of recent stadium developments on clubs' positions in the Money League.

But firstly we provide the profiles of the 20 Money League clubs themselves.

The Deloitte Football Money League was compiled by Dan Jones, Rich Parkes, Austin Houlihan, Grant Ingles, Martyn Hawkins and Amelia Ashton-Jones of the Sports Business Group at Deloitte. 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

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# Ups and downs

## 2006/07 Revenue (€m)

1	↔←	0	Real Madrid	351.0
2	↑	2	Manchester United	315.2
3	↓	1	FC Barcelona	290.1
4	↑	2	Chelsea	283.0
5	↑	4	Arsenal	263.9
6	↓	1	AC Milan	227.2
7	↑	1	Bayern Munich	223.3
8	↑	2	Liverpool	198.9
9	↓	2	Internazionale	195.0
10	↑	2	AS Roma	157.6
11	↑	4	Tottenham Hotspur	153.1
12	↓	9	Juventus	145.2
13	↓	2	Olympique Lyonnais	140.6
14	↓	1	Newcastle United	129.4
15	↑	1	Hamburger SV	120.4
16	↓	2	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


## 2005/06 Revenue (€m)

1	↔←	0	Real Madrid	292.2
2	↑	4	FC Barcelona	259.1
3	↑	1	Juventus	251.2
4	↓	2	Manchester United	242.6
5	↓	2	AC Milan	238.7
6	↓	1	Chelsea	221.0
7	↑	2	Internazionale	206.6
8	↓	1	Bayern Munich	204.7
9	↑	1	Arsenal	192.4
10	↓	2	Liverpool	176.0
11	↑	4	Olympique Lyonnais	127.7
12	↓	1	AS Roma	127.0
13	↓	1	Newcastle United	124.3
14	↔←	0	Schalke 04	122.9
15	↓	2	Tottenham Hotspur	107.2
16	n/a	New	Hamburger SV	101.8
17	↔←	0	Manchester City	89.4
18	n/a	New	Rangers	88.5
19	n/a	New	West Ham United	86.9
20	n/a	New	Benfica	85.1

Position in Football Money League    Change on previous year

Number of positions changed

# 1. Real Madrid

	<b>€351.0m</b> (£236.2m)	Position 05/06: <b>1</b> → ←
		Revenue 05/06: <b>€292.2m</b> (£202m)

Real Madrid complete a hat-trick of years at the top of the Money League with an impressive 20% growth in revenues to €351m (£236.2m) in 2006/07. The club's revenue increase of €58.8m was its largest rate of absolute growth since our analysis began and means that it becomes the first club to record revenues of more than €350m (£235.6m).

The club also achieved significant on-pitch success in 2006/07 by winning La Liga for the first time since 2002/03, the thirtieth time it has won the domestic title.

Whilst Real's ability to grow commercial revenue streams in recent years has been the catalyst for the club's rise to the number one spot, growth in 2006/07 has been achieved through increases in matchday and particularly broadcasting revenue.

Broadcasting revenue was up by €41m (45%) to €132.4m (£89.1m) with this increase contributing the majority of overall revenue growth. The 2006/07 season was the first year of a new seven year broadcast rights contract with Spanish media company Mediapro which guarantees the club more than €1.1 billion (£740m) over the contract period, an uplift on the previous deal with Sogecable.

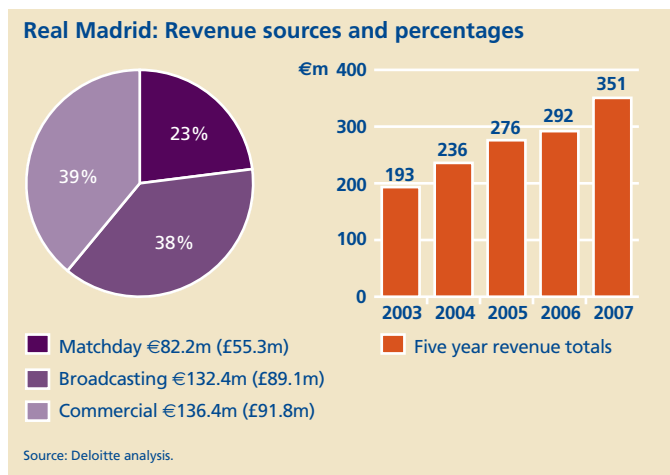
Real also received €21m (£14.2m) in central distributions from participating in the UEFA Champions League. Despite being eliminated at the first knockout round for the third consecutive year this was a €5.1m (£3.6m) increase on the previous year as a result of three Spanish clubs competing in the group phase in 2006/07, as opposed to four in 2005/06, meaning higher payments to each of the three clubs.

Matchday income increased by €7m (9%) to €82.2m (£55.3m) driven by an average home league match attendance of 71,500 in 2006/07. The club has invested significantly in recent years in developing the Bernabeu with increased corporate hospitality space a key contributor to matchday income increasing by €24m (41%) since 2002/03.



**“Real’s ability to grow commercial revenue streams in recent years has been the catalyst for the club’s rise to the number one spot.”**

The club's phenomenal growth in commercial revenues has slowed in the last two years with an increase of €10.8m (9%) in 2006/07. However, revenue from this source remains the highest of any top 20 club with a total of €136.4m (£91.8m) still representing the largest component of the club's overall revenue.




Real's shirt sponsorship deal with BenQ Mobile, which had reportedly been worth an estimated €20m to €25m (£13.5m to £16.8m) per season ended after the 2006/07 season. BenQ has been replaced by online betting company Bwin for the three seasons from 2007/08.

A lucrative long-term broadcasting contract, improvements in matchday revenues, and continued commercial strength, should ensure a bright future for Real. A sustained revival on the pitch, and a prolonged run in the Champions League could make the club difficult to surpass at the top of the Money League.



## 2. Manchester United

	<b>€315.2m</b> (£212.1m)	Position 05/06: <b>4</b> ↑
		Revenue 05/06: <b>€242.6m</b> (£167.8m)

2006/07 marked an impressive return to peak form for Manchester United both on and off the pitch. As well as the Premier League trophy returning to Old Trafford for the first time since 2002/03, the club were also FA Cup finalists and reached the UEFA Champions League semi final for the first time since 2001/02.

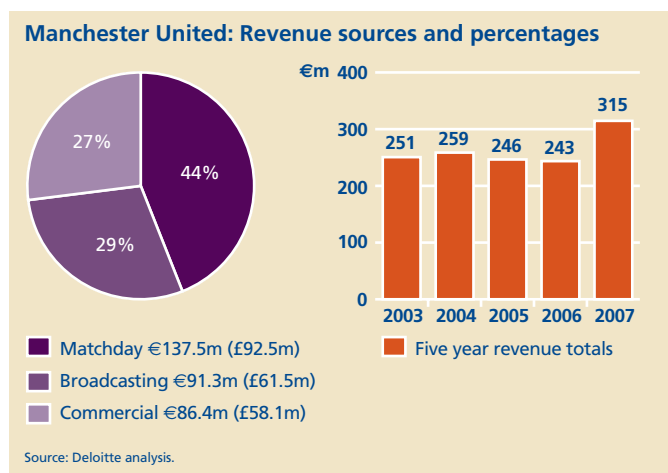
Off the pitch, revenues grew by 30%, to reach €315.2m (£212.1m), to propel the club back up to second place in the Money League. For the first time the club has also reported that adding in its gross revenues – including those from its commercial partnerships with MUTV and Nike – would increase overall revenues to €364m (£245m).

The completion of the Old Trafford Quadrant development added a further 8,000 seats and took Old Trafford’s capacity beyond 76,000. United now have the largest club ground in the UK and had the highest domestic league attendances in Europe at 75,800 in 2006/07. The club played a total of 29 home matches, and matchday revenue reached a world record for any club of €137.5m (£92.5m), with each home game generating an average of €4.7m (£3.2m).

Broadcasting revenue totalled €91.3m (£61.5m), an increase of 38%. The club received €47.6m (£32.1m) in Premier League broadcasting revenues and a further €31.5m (£21.2m) from UEFA in Champions League broadcasting and sponsorship payments.




“Completion of the Old Trafford Quadrant development added a further 8,000 seats and took Old Trafford’s capacity beyond 76,000. United now have the largest club ground in the UK.”



Commercial revenue also increased by 17% to reach €86.4m (£58.1m). A key factor in the increase was the first year of a new shirt sponsorship deal by AIG. The partnership, worth a reported €20.9m (£14.1m), is the largest shirt sponsorship deal in the Premier League, and represents an increase of over 50% compared to the previous contract with Vodafone. Another three platinum sponsors – Kumho Tires, Betfred and Hestiu – were also recruited.

United remain one of the strongest commercial brands in football and generate the highest operating profits of any football club. We expect the club’s broadcasting revenue to increase substantially in 2007/08 due to the new Premier League broadcasting deal. A successful 2007/08 season on the pitch could see United seriously challenging Real Madrid for first place in the Money League.

### 3. FC Barcelona

	<b>€290.1m</b> (£195.3m)	Position 05/06: <b>2</b> ↓
	Revenue 05/06: <b>€259.1m</b> (£179.1m)	

On the pitch Barcelona were beaten to the 2006/07 Liga title by Real Madrid and were eliminated from the UEFA Champions League in the first knockout round. Despite these disappointments Barca's revenue still grew by 12%, to reach €290.1m (£195.3m) continuing five years of spectacular growth and retaining a place in the top three of the Money League.

Broadcasting monies remain the largest element of Barcelona's revenue, and in 2006/07 the club joined its great rival Real Madrid in being the first non-Italian clubs to earn over €100m (£67.3m) in a season from this source. Spanish clubs negotiate individual broadcast deals and Barca's new deal with Mediapro is reportedly worth around €210m (£141.4m) in 2006/07 and 2007/08, rising to over €150m (£101m) per annum from 2008/09. In addition, the club received €22.7m (£15.3m) in UEFA central broadcasting and sponsorship revenue.

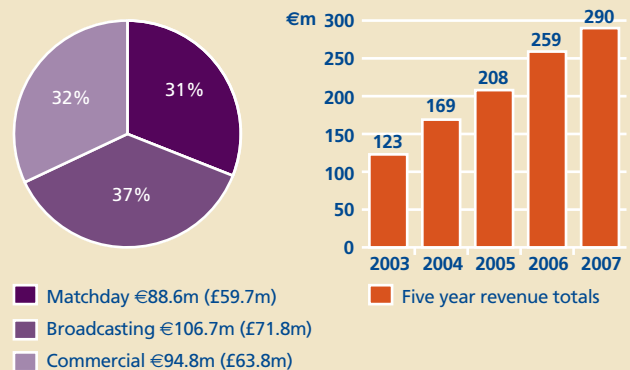
Attendances at the Nou Camp for La Liga games rose to 74,100 in 2006/07, and the club announced plans to redevelop their iconic stadium. The redevelopment is expected to cost €250m (£168.3m) and will add a further 10,000 seats, taking capacity beyond 100,000. Matchday revenues, currently €88.6m (£59.7m), can be expected to increase significantly as a result.

Commercial revenue rose to €94.8m (£63.8m). The club agreed two major new commercial deals. Their kit sponsorship deal with Nike was extended to June 2013 and is reportedly worth €30m (£20.2m) per season. By contrast, the club's first shirt sponsorship arrangement is an innovative partnership with Unicef which sees the club fund some of the organisation's projects instead of receiving the traditional fee from the sponsor.

Barca's members own and run the club and the club's President, Joan Laporta, was re-elected in August 2006. The club is targeting revenue of €315m (£212m) in 2007/08, continuing the strong growth since Laporta was elected in 2003.


“Barca’s revenue grew by 12%, to reach €290.1m (£195.3m) continuing five years of spectacular growth.”

FC Barcelona: Revenue sources and percentages



Source: Deloitte analysis.

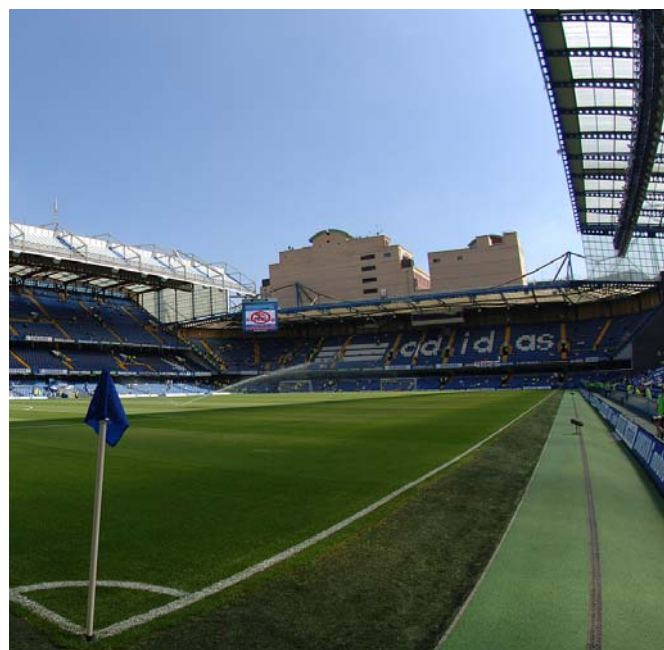
## 4. Chelsea

	<b>€283.0m</b> (£190.5m)	Position 05/06: <b>6</b> ↑
		Revenue 05/06: <b>€221.0m</b> (£152.8m)

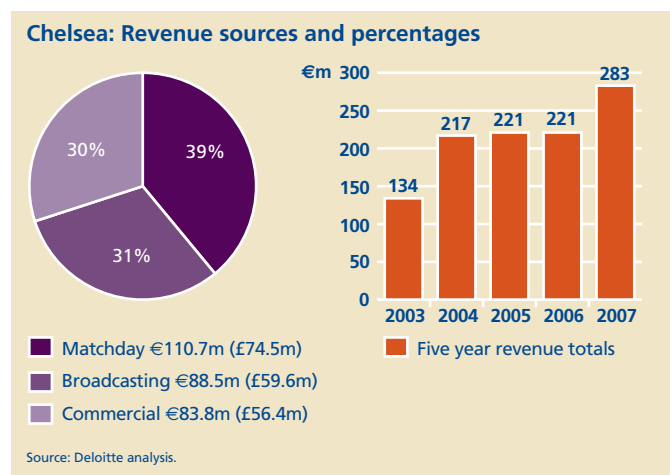
Chelsea matches its highest ever ranking of fourth in the Money League with revenue having increased by 28% to €283m (£190.5m). This is a welcome return to double digit growth for the club after three years of static revenues. As was the case in 2003/04 when Chelsea last ranked this highly, the off-pitch performance coincides with the club finishing second in the Premier League and reaching the semi final of the UEFA Champions League. In addition Chelsea won both English domestic cup competitions.

Average league match attendance at Stamford Bridge is the 14th highest of the clubs in the Money League, yet Chelsea's matchday revenue of €110.7m (£74.5m) is the third highest of the clubs represented. The increase in 2006/07 matchday revenue is the result of additional cup games and increased yield from corporate customers.

The Champions League title still remains elusive, and 2006/07 was the third time in four years that Chelsea's progress had been halted at the semi final stage. The run to the last four however netted the club €34.7m (£23.3m) in centrally generated broadcasting and sponsorship revenue, an increase on what it received in 2005/06 when it lost in the first knock out round. Second place in the Premier League generated €45.9m (£30.9m) from broadcasting rights and Chelsea can expect this to increase significantly under the improved Premier League broadcasting deal from 2007/08.




**“Chelsea’s commercial revenue grew by 36% to reach €83.8m (£56.4m) with 2006/07 being the first of an eight year kit sponsorship deal with adidas.”**



Chelsea's commercial revenue grew by 36% to reach €83.8m (£56.4m). 2006/07 was the first season of an eight year kit sponsorship deal with adidas, reportedly worth around €17.8m (£12m) a year, while the club's shirt sponsorship deal with Samsung is worth a reported €74.3m (£50m) over five years.

In terms of future Money Leagues there will be no 'quick win' from an increase in stadium capacity, but Chelsea has demonstrated that strong domestic and Champions League performances can keep the club right in contention with the top European clubs in terms of revenues.

## 5. Arsenal

	<b>€263.9m</b> (£177.6m)	Position 05/06: <b>9</b> ↑
		Revenue 05/06: <b>€192.4m</b> (£133.0m)

2006/07 was Arsenal's first season in their new 60,400 capacity Emirates Stadium, and the club saw a step change in its revenue as a result. Total revenue of €263.9m (£177.6m) was 37% higher than in 2005/06 and – as we predicted last year – this moved the club into the Money League top five for the first time. It is also the first time that one country has provided three of the top five clubs. This revenue excludes non-core football activities of €35.4m (£23.8m) which relate to property development, the ongoing proceeds of which have helped to fund the new stadium.

The new stadium has driven a €70.8m (111%) increase in matchday revenue which is now their largest source of revenue at 51% of their total. The total matchday revenue of €134.6m (£90.6m) is the second highest of any club and represents an average of €4.6m (£3.1m) per match played at the Emirates Stadium. Despite 10,000 new season tickets being issued in 2006/07 the club reports that the season ticket waiting list increased by 28% to 41,000.

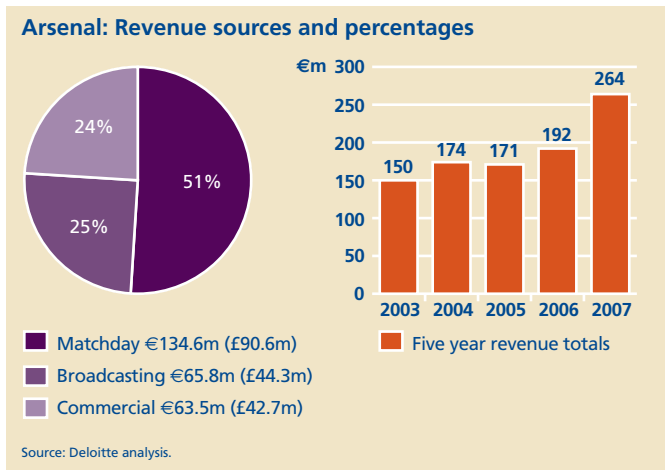
Broadcasting revenue fell by 17% to €65.8m (£44.3m) predominately due to a €15.7m (£10.6m) reduction in UEFA Champions League centrally generated broadcast and sponsorship revenues after the club's elimination at the first knockout stage. A second consecutive fourth place finish in the Premier League generated €42.9m (£28.9m) in central Premier League distributions which can be expected to rise sharply next year.

Commercial revenues increased 29% to reach €63.5m (£42.7m). The principal reason for this increase was the start of the reported €133.7m (£90m) stadium naming rights and shirt sponsorship agreement with Emirates Airlines. The new stadium has also enabled the club to develop enhanced relationships with second tier and overseas sponsors.


Arsenal's first season at the Emirates Stadium has been a stunning success. However, the club will need to be at its very best on the pitch to challenge Manchester United and Chelsea as England's highest placed representative in the Money League.



“The new stadium has driven a €70.8m (111%) increase in matchday revenue which is now their largest source of revenue at 51% of their total.”



## 6. AC Milan

	<b>€227.2m</b> (£153.0m)	Position 05/06: <b>5</b> ↓
		Revenue 05/06: <b>€238.7m</b> (£165.0m)

AC Milan slip outside the top five of the Money League for the first time since 1999 despite winning the UEFA Champions League for the second time in five years, with revenues dropping €10.9m (5%) to €227.2m (£153m) in 2006/07.

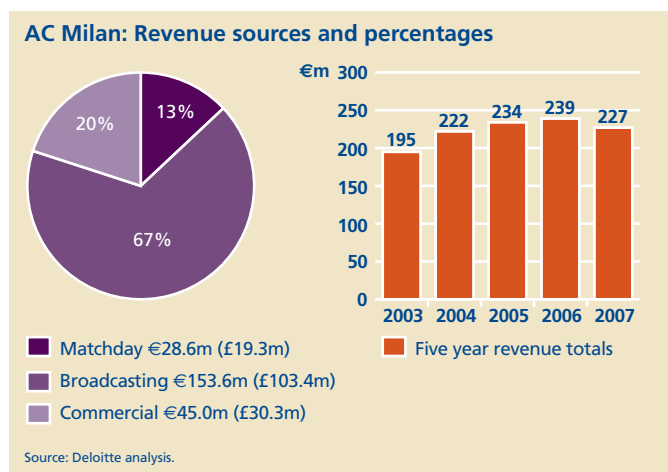
The Rossoneri generated the highest broadcasting income of any Money League club in 2006/07, with a total of €153.6m (£103.4m). The club's individual broadcasting contract with Pay-TV operator Sky Italia represents the largest proportion of this total.

The club received €39.6m (£26.7m) in central distributions as a result of winning the Champions League, a €19.1m (93%) increase on the previous year. The increase in broadcasting revenue from this source was balanced by the fact that the Rossoneri received and recognised as revenue an upfront payment from Mediaset in 2005/06 in respect of a broadcast contract starting in 2007/08. Hence overall broadcasting revenue is down a little in 2006/07 on 2005/06 levels.

Matchday revenues fell €2.2m (7%) to €28.6m (£19.3m) representing just 13% of overall revenues and emphasising the club's unbalanced revenue profile. The club's average league attendance of 47,600 was a reduction of almost 12,000 per match on the previous season highlighting the urgent need to address the quality of facilities at the San Siro and security for supporters. The number of season ticket holders dropped by 15,000 in two years to 37,500 in 2006/07.

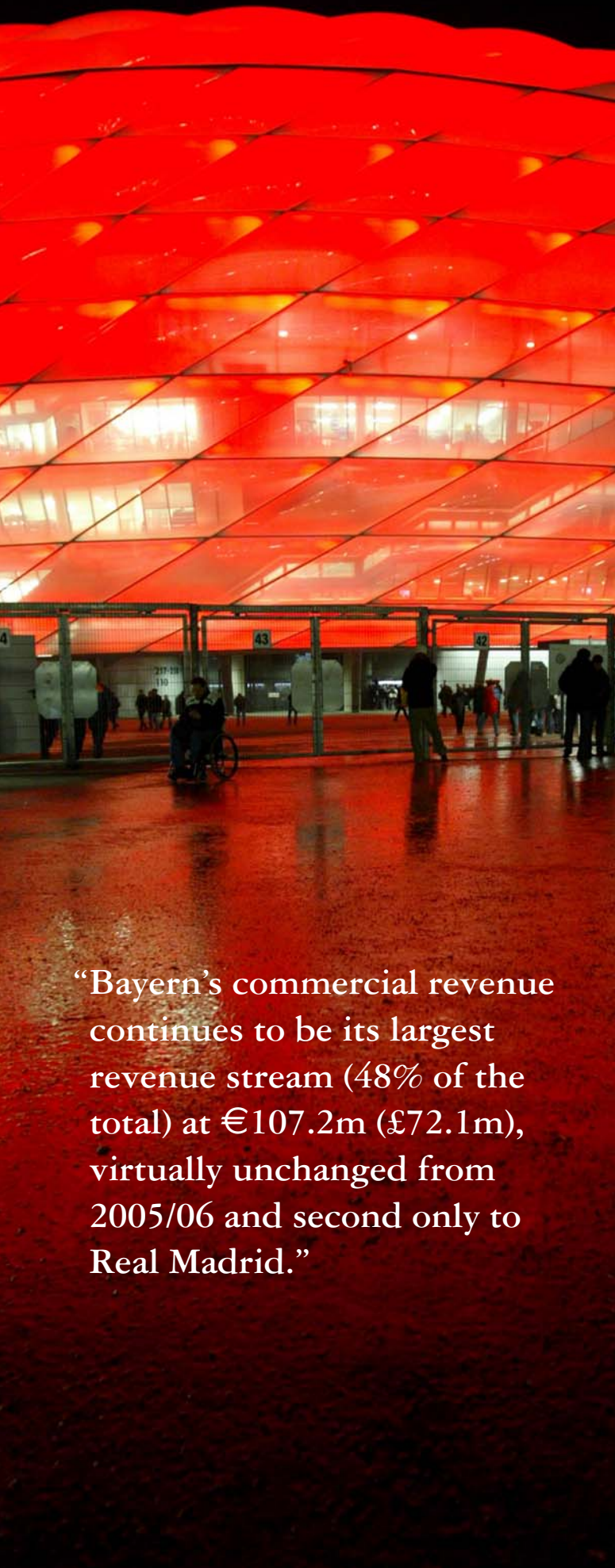


**“The Rossoneri generated the highest broadcasting income of any Money League club in 2006/07, with a total of €153.6m (£103.4m).”**



Commercial revenues dropped by €8.6m (16%) to €45m (£30.3m). 2006/07 was the first season of Milan's new four-year shirt sponsorship deal with online gaming company Bwin worth a reported €10m (£6.7m) a season whilst the club recently extended its kit supply deal with adidas until 2016/17.

Despite a new two year broadcasting deal with Mediaset commencing in 2007/08 and reportedly worth over €100m (£67.3m) per year, the decision for Serie A to return to the collective selling of broadcast rights from 2010 is likely to mean a reduction in the level of broadcast revenue for top Italian clubs going forward. This places greater urgency on the club to address revenue generation from its stadium and falling matchday income in order to challenge for a top five position in future years.



## 7. Bayern Munich



€223.3m  
(£150.3m)

Position 05/06: 8 ↑

Revenue 05/06: €204.7m (£141.5m)

Bayern Munich recorded revenues of €223.3m (£150.3m) and moved up one place to seventh in the Money League. This is despite a disappointing 2006/07 season on the pitch, when a fourth place finish in the Bundesliga led to a failure to qualify for the UEFA Champions League for the first time since 1996/97.

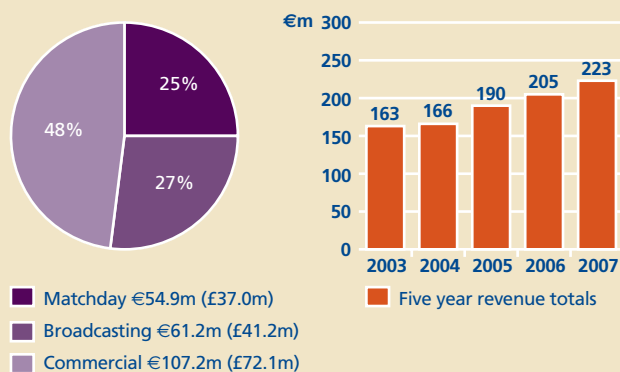
The overall increase is mainly due to a 43% rise in broadcasting revenue to €61.2m (£41.2m). 2006/07 was the first season of new three year Champions League and Bundesliga broadcasting agreements which generated €28.7m (£19.3m) and €26.3m (£17.7m) respectively. Despite the increase, Bayern's broadcasting revenue is the lowest of any top 10 Money League club.

Bayern's commercial revenue continues to be its largest revenue stream (48% of the total) at €107.2m (£72.1m), virtually unchanged from 2005/06 and second only to Real Madrid in the Money League. The club is situated in the largest domestic market in Europe and has major commercial deals with adidas (which owns a 10% stake in the club) and Deutsche Telekom.

Matchday revenue from the 24 competitive games played at the Allianz Arena was €54.9m (£37m), a 5% rise on the 2005/06 season. In November 2007 Bayern finalised full 100% ownership of the stadium with city rivals 1860 remaining as tenants up to 2025. As a result, matchday and commercial revenue can be expected to rise next year as the full impact of stadium naming rights, executive boxes and catering comes on-stream. This may help mitigate the impact of the loss of Champions League football and prevent Bayern slipping more than a place or two down the Money League next year.


“Bayern’s commercial revenue continues to be its largest revenue stream (48% of the total) at €107.2m (£72.1m), virtually unchanged from 2005/06 and second only to Real Madrid.”

Bayern Munich: Revenue sources and percentages



Source: Deloitte analysis.

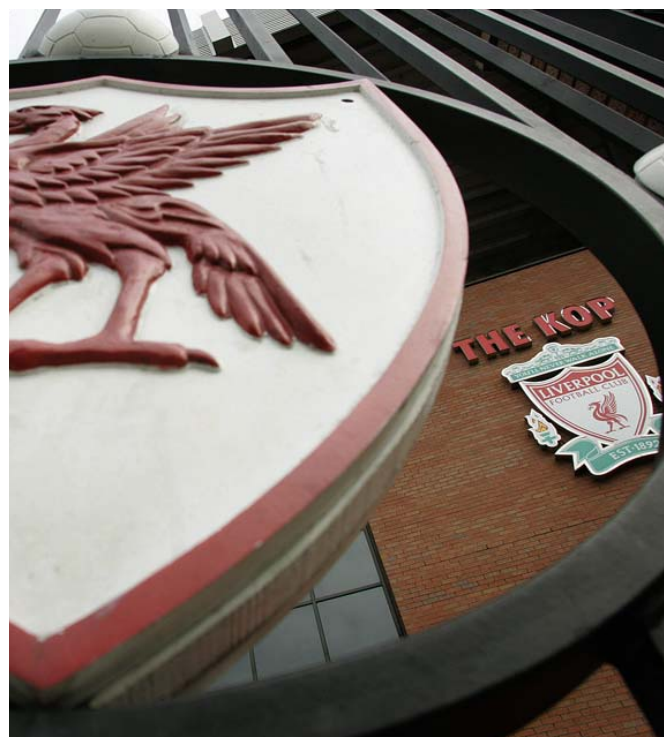
## 8. Liverpool

	<b>€198.9m</b> (£133.9m)	Position 05/06: <b>10</b> ↑
		Revenue 05/06: <b>€176.0m</b> (£121.7m)

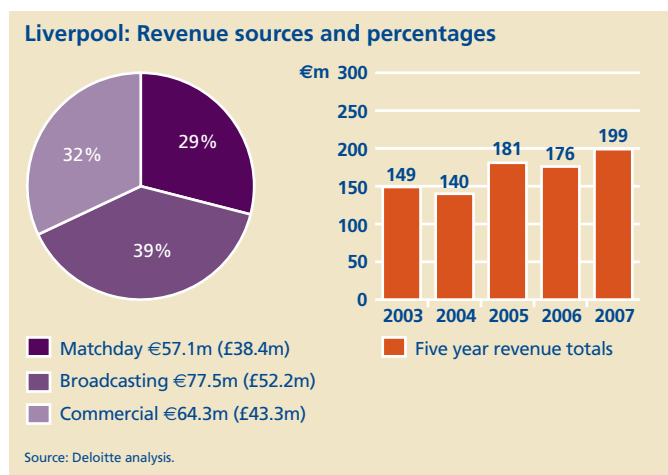
Liverpool feature in the top ten of the Money League for the seventh successive season. This year they move up to two places to eighth, with revenue increasing by €22.9m (13%) to €198.9m (£133.9m). The increase in revenue coincides with the first year under new ownership; George Gillett and Tom Hicks having completed their takeover of the club in March 2007.

In 2006/07 Liverpool reached the final of the UEFA Champions League for the second time in three years, and finished third in the Premier League. The club received €32.2m (£21.7m) in UEFA centrally generated broadcasting and sponsorship revenue as a result of the Champions League campaign and this, together with Premier League broadcasting payments of €42.2m (£28.4m), helped total broadcasting revenue rise to €77.5m (£52.2m).


For some time, Liverpool have generated significantly lower matchday revenues than the other big four English clubs. Despite playing 29 home matches, matchday revenue stood at €57.1m (£38.4m), whereas Chelsea's matchday revenue is almost double this level and Arsenal and Manchester United's are even higher. The club's holding company, Kop Football (Holdings) Limited, have recently completed a €520m (£350m) financing package which should enable the club to commence construction of its 71,000 seater stadium in Stanley Park. The stadium is scheduled to open in 2011 and should help the club to bridge this gap in revenues.



“Liverpool have generated significantly lower matchday revenues than the other big four English clubs. Despite playing 29 home matches, matchday revenue stood at €57.1m (£38.4m).”



## 9. Internazionale

	<b>€195.0m</b> (£131.3m)	Position 05/06: <b>7</b> ↓
	Revenue 05/06: <b>€206.6m</b> (£142.8m)	

Inter drop two places to ninth in the Money League following a €11.6m (£7.8m) fall in revenues to €195m (£131.3m). However, the club continues to experience an uplift in fortunes on the pitch, comfortably securing a second successive Scudetto in 2006/07.

Revenue dropped in 2006/07 due to the club receiving and recognising an upfront payment in 2005/06 in relation to a future broadcasting rights contract. Broadcasting remains the club's largest single revenue source totalling €128m (£86.2m) in 2006/07. 2006/07 was the final year of a two year broadcasting contract with Sky Italia which contributed over half the total. The club also received €29.6m (£19.9m) in central distributions as a result of reaching the first knockout round of the UEFA Champions League, where it was eliminated by Valencia.

For the two years from 2007/08, the Nerazzuri will benefit from a new broadcasting contract with Mediaset worth a reported €100m (£67.3m) a year. The deal is a significant uplift on the club's previous contract with Sky Italia.

The club generated €37.2m (£25m) in commercial revenue with key contributors being its shirt sponsorship deal with Pirelli and kit supply deal with Nike which each generated around €8m (£5.4m) in 2006/07.

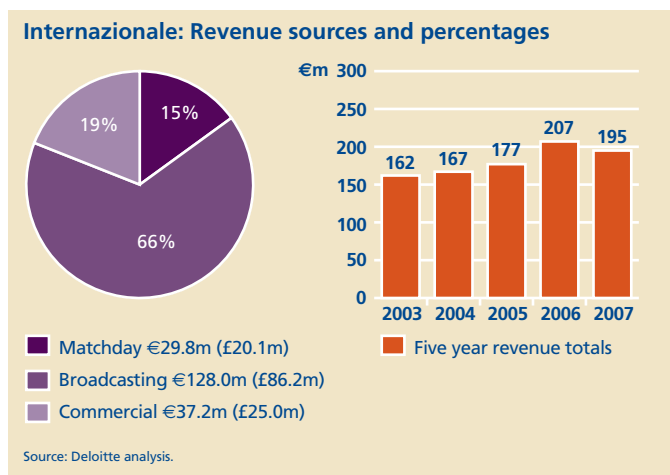
Inter's matchday income of €29.8m (£20.1m) is similar to the previous year and represents just 15% of total revenue. The club's average home league match attendance of 48,300, was a drop of almost 9,000 on two years previously.



**“From 2007/08, the Nerazzuri will benefit from a new broadcasting contract with Mediaset worth a reported €100m (£67.3m) a year.”**


The club is well placed to continue its success on the pitch with a strong start to 2007/08, its centenary season, whilst the start of its new broadcasting contract with Mediaset will also boost revenues. However, like AC Milan, Inter needs to be at the forefront of urgently addressing the matchday issues that are currently afflicting Italian football in order to keep pace with its European peers off the pitch.

The planned reintroduction of a collective broadcast rights selling regime in Italy will make this an even more important area of financial focus for Inter.





## 10. AS Roma

	<b>€157.6m</b> (£106.1m)	Position 05/06: <b>12</b> ↑
		Revenue 05/06: <b>€127.0m</b> (£87.8m)

AS Roma climb two places and gain a top ten place in the Money League for the first time since 2001/02 with revenue of €157.6m (£106.1m) in 2006/07 representing an increase of €30.6m (24%) following several years of little or no growth since their previous revenue record of €136.3m (£88.3m) in 2001/02.

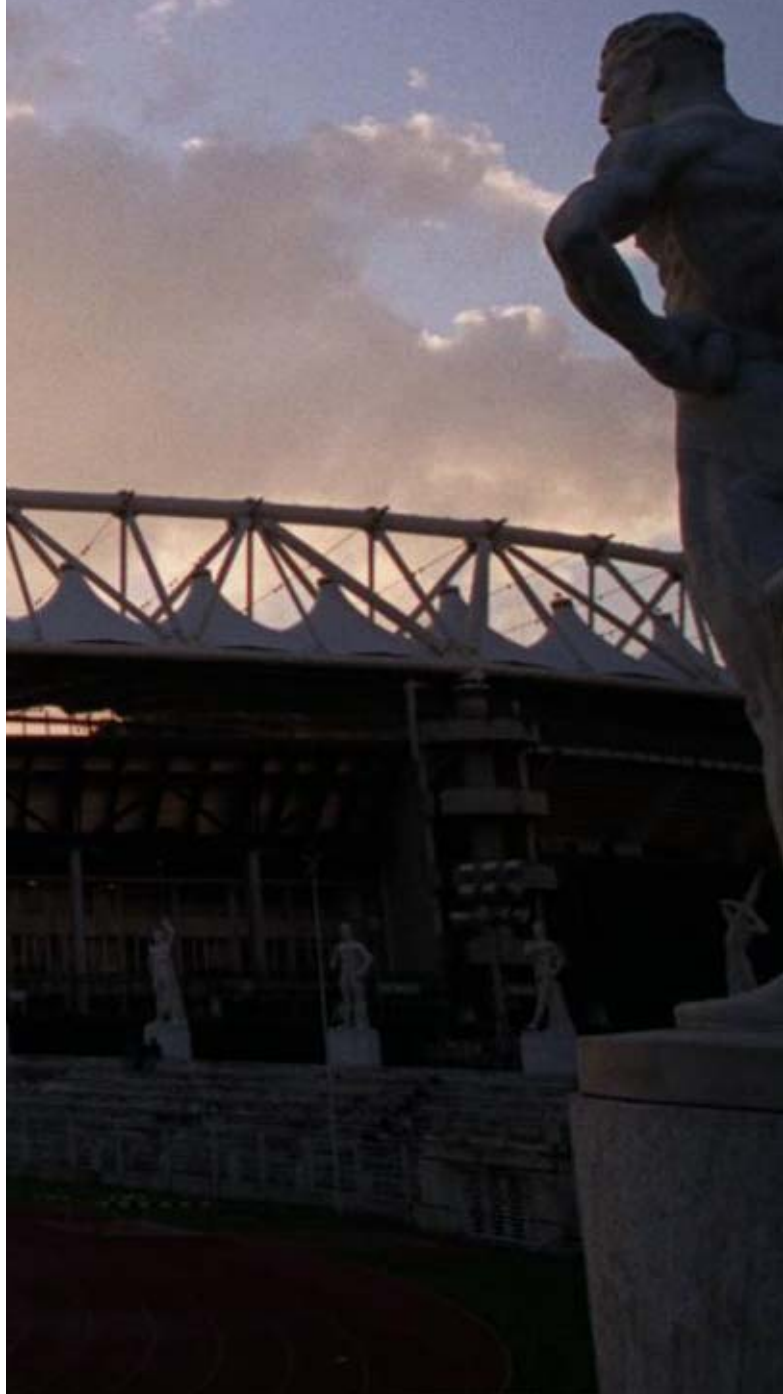
The main driver of this growth was a €28.3m (37%) increase in broadcasting income to €104.5m (£70.3m), due largely to the club's participation in the UEFA Champions League, where its run to the quarter final contributed €31.1m (£20.9m) in central distributions.

Broadcasting income contributes 66% of total revenues emphasising how reliant the club is on this revenue source. Within this total, the club's main broadcasting contract with Sky Italia generated €52m (£35m), whilst Roma also received bonus payments of €9.3m (£6.3m) from the same broadcaster as a result of achieving second place in Serie A for the past two seasons.

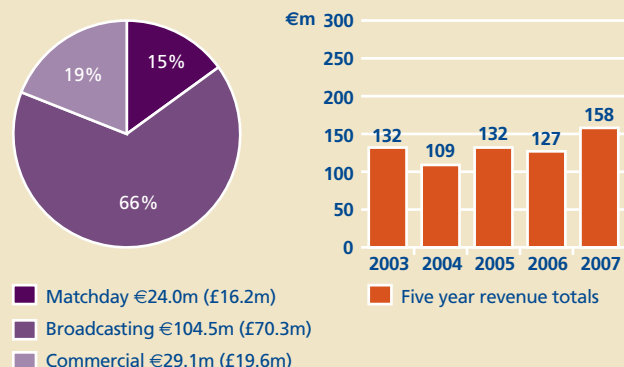
The Giallorossi's average league match attendance of 36,300 was similar to the preceding season but below previous seasons with matchday income only increasing by €3m to €24m (£16.2m) as a result of its run in the Champions League.

The 2007/08 season is the first year for a number of new commercial and broadcasting contracts for the club. A new broadcasting contract with Mediaset, a shirt sponsorship agreement with telecommunications company Wind and a kit supply deal with Basic Italia all came onstream and will help Roma in its efforts to stay in the top ten. Nonetheless continued on-pitch success and a solution to their stadium issues are likely to be critical to maintaining this position in the Money League, once collective selling and a new revenue distribution mechanism of Serie A broadcast rights comes into force from 2010.

“AS Roma climb two places and gain a top ten place in the Money League for the first time since 2001/02 with revenue of €157.6m (£106.1m) in 2006/07.”

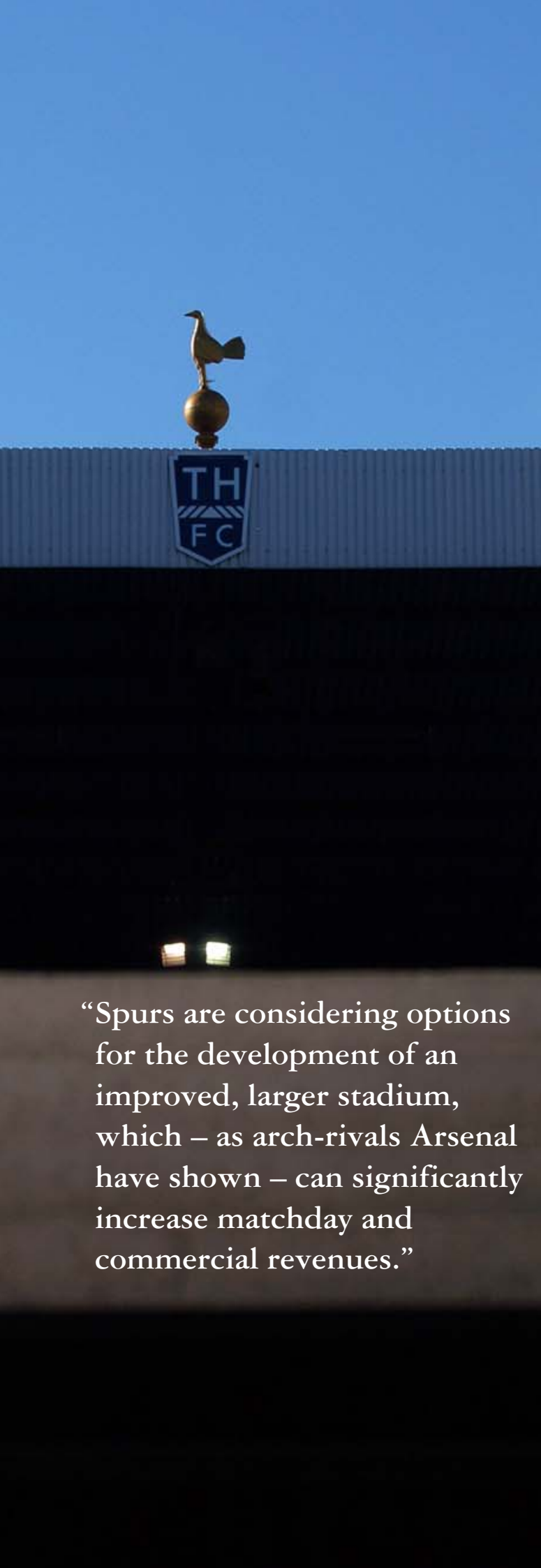


### AS Roma: Revenue sources and percentages



Note: The revenue figure of €127m for 2005/06 is from the club's annual financial statements covering that season prepared on the basis of Italian accounting principles. The club's annual financial statements for 2006/07 have been prepared on the basis of International Financial Reporting Standards and the restated revenue figure for 2005/06 was €129m.

Source: Deloitte analysis.



“Spurs are considering options for the development of an improved, larger stadium, which – as arch-rivals Arsenal have shown – can significantly increase matchday and commercial revenues.”

## 11. Tottenham Hotspur



**€153.1m**  
(£103.1m)

Position 05/06: **15** ↑

Revenue 05/06: **€107.2m** (£74.1m)

Tottenham Hotspur achieved record revenue of €153.1m (£103.1m) – a 43% rise – with increases across all three revenue streams. The club move up four places to 11th overall – their highest position in the history of the Money League.

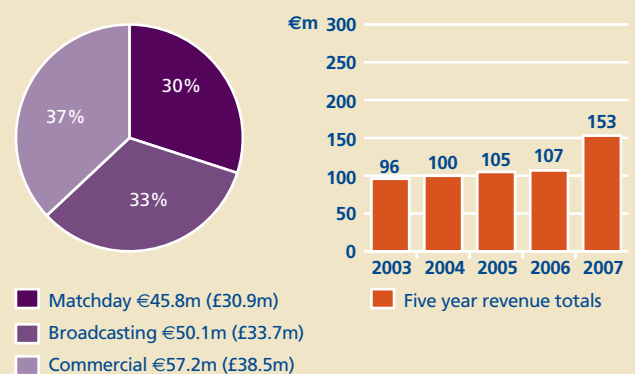
Matchday revenue increased by 80% as White Hart Lane staged 30 home matches, due to progress to the quarter final of both the FA Cup and UEFA Cup, and the semi final of the Carling Cup. The club finished in fifth place in the Premier League for the second successive season ensuring more European football in 2007/08.

The club's cup runs were the predominant factor in a 21% increase in broadcasting revenues. 2006/07 was the first year of centralised UEFA Cup broadcasting rights and the club received €4.3m (£2.9m) from UEFA for these rights.

Commercial revenue increased by 42% to €57.2m (£38.5m) primarily due to the start of a four year shirt sponsorship agreement with Mansion worth a reported £8.5m per season and a five year kit sponsorship deal with Puma. In addition merchandising revenues increased by 36% to reach €2.8m (£1.9m).


Despite the club's record revenues, they remain over €40m (£26.9m) behind the club in ninth place. Spurs are considering options for the development of an improved, larger stadium, which – as arch-rivals Arsenal have shown – can significantly increase matchday and commercial revenues. The other method of bridging the gap would be to compete regularly in the UEFA Champions League, although a poor start to 2007/08 makes it unlikely that this could be achieved before 2009/10.

**Tottenham Hotspur: Revenue sources and percentages**



Source: Deloitte analysis.

## 12. Juventus

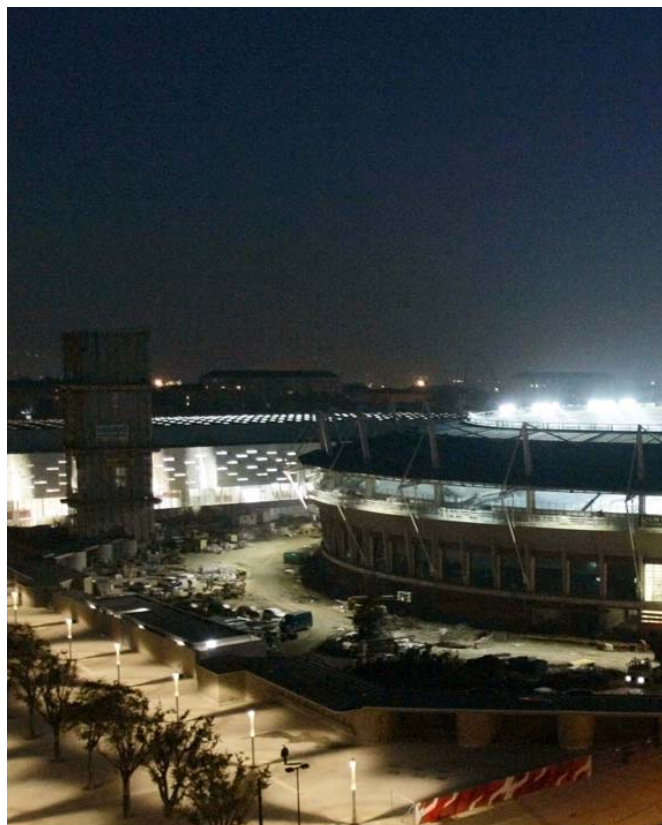
	<b>€145.2m</b> (£97.7m)	Position 05/06: <b>3</b> ↓
	Revenue 05/06: <b>€251.2m</b> (£173.7m)	

Juventus become the first club to be ranked in the top 20 of the Money League despite competing in a second-tier domestic league. We do not expect this fact to ever be repeated. The club's revenue dropped by €106m (42%) to €145.2m (£97.7m) in 2006/07, the first time it has been out of the top five since our analysis began in 1996/97, following the 'Calciopoli' scandal which resulted in relegation to Serie B.

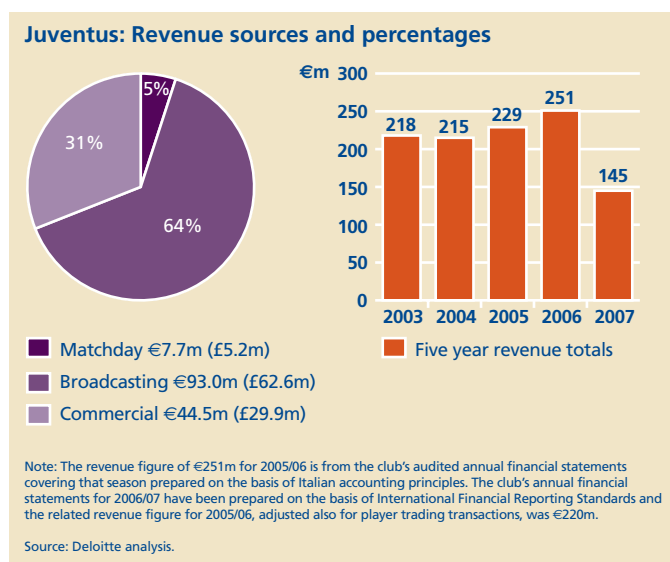
Several key broadcast and commercial contracts were renegotiated as a result of the club competing in Serie B which contributed to the revenue decrease. A €14.3m (£9.6m) reduction in the value of Juve's main broadcasting contract with Sky Italia, coupled with the absence of European competition, contributed to broadcasting revenue falling by 46% to €93m (£62.6m). Nevertheless, remarkably the club still derived the sixth largest broadcasting revenue of the Money League clubs, and earned more from this source than any non Spanish or Italian clubs.

The value of Juve's key commercial contracts also dropped sharply. The club's shirt sponsorship deal with Olinvest fell by €8m (£5.4m) while their deal with kit supplier Nike dropped by €4.5m (£3m). Commercial revenues totalled €44.5m (£29.9m), down 29%. From 2007/08 the club has a new three-year shirt sponsorship agreement with New Holland Group worth a minimum of €33m (£22.2m).

Average home league match attendances were 19,400 generating matchday revenues of just €7.7m (£5.2m). The club is currently assessing options for the redevelopment of the Delle Alpi after shelving plans which were contingent on Italy being awarded the hosting rights to Euro 2012.




“After winning Serie B, and regaining top-tier status, the future for the Bianconeri is more promising and it is likely to climb up the Money League rankings in future years.”



After winning Serie B and regaining top-tier status, the future for the Bianconeri is more promising and it is likely to climb up the Money League rankings in future years. A new two year broadcasting contract with Mediaset commenced in 2007/08 which is worth an average of €109m (£73.4m) a season, and will boost overall revenues. However, the absence of European football until at least 2008/09 will prevent the club returning to the top five next year.

# 13. Olympique Lyonnais

	<b>€140.6m</b> (£94.6m)	Position 05/06: <b>11</b> ↓
		Revenue 05/06: <b>€127.7m</b> (£88.3m)

2006/07 was a year to remember for Olympique Lyonnais. On the pitch the club clinched their sixth successive domestic league title – the longest period of continued domestic success in the history of the Big Five leagues. Off the pitch, the club's successful flotation was concluded in February 2007 and raised gross €94.3m (£63.5m), while revenues increased by 10% to reach €140.6m (£94.6m).

Half of the club's revenues were derived from broadcasting, which totalled €69.9m (£47.1m). €47.2m (£31.8m) came from the LFP and FFF and largely comprised Ligue 1 broadcasting revenue. The LFP's recently announced Ligue 1 deal for four seasons from 2008/09 is reportedly worth €668m (£450m) per season. Lyon were eliminated at the first knockout stage of the UEFA Champions League, receiving €22.6m (£15.2m) in centrally generated broadcast and sponsorship revenues.

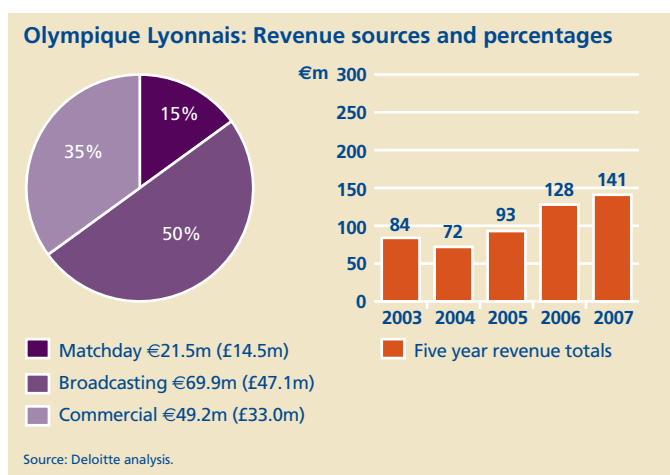
Average league attendances stood at 36,700. The club continue to develop plans to move to a new 60,000 stadium, with a projected completion date of 2010. The move would help the club to increase its matchday revenue from the current level of €21.5m (£14.5m) and strengthen what is currently its smallest revenue stream.

Commercial revenue showed the largest increase, rising by 53% to reach €49.2m (£33m). 2006/07 was the first year of a shirt sponsorship deal with Accor worth €9.2m (£6.2m) per season, while the club also signed an extension to their technical sponsorship deal with Umbro, which runs to June 2013 and is worth €6.4m (£4.3m) per season.

Continued success, both on the pitch and in financial terms, should see Lyon continue to add to their five Money League appearances to date, but the chances of obtaining a top ten placing in the next few years still seem slim.



“The club continue to develop plans to move to a new 60,000 stadium, with a projected completion date of 2010.”



## 14. Newcastle United



€129.4m  
(£87.1m)

Position 05/06: 13 ↓

Revenue 05/06: €124.3m (£85.9m)

Mike Ashley became the new owner of Newcastle United just after the end of the 2006/07 season. In that year, prior to his arrival, the club fell slipped one place in the Money League with revenue of €129.4m (£87.1m) as a result of a largely disappointing season on the pitch, with a thirteenth place Premier League finish only partly offset by a run to the UEFA Cup round of 16.

Newcastle have featured in all eleven Money Leagues, and the club is once again in the list despite not benefiting from UEFA Champions League football, a tribute to the strength of the club's brand and its loyal following.

Average league attendances exceeded 50,000 for the seventh consecutive season since St James' Park was expanded, and the club's 29 home matches generated €49.9m (£33.6m) in matchday revenue. This impressive record should continue in 2007/08 with the return of Kevin Keegan, who was in charge of the club when we published our first edition of the Money League, with Newcastle listed in eighth place.

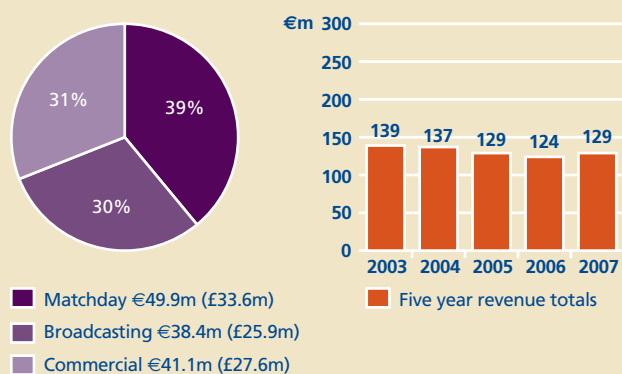
Broadcasting revenue remained at €38.4m (£25.9m). The lower placed finish in the Premier League was offset by the UEFA Cup run and broadcasting contracts with Channel 5 and Pitch.

Commercial revenue stood at €41.1m (£27.6m) and the club have a long standing partnership with adidas. The club will hope the change in ownership and management will provide the catalyst for improvement both on and off the pitch. In order to rise any further in the Money League the new owners will need to achieve Champions League football, and will be aiming to provide the Magpies with their first major silverware since 1969.



“The club will hope the change in ownership and management will provide the catalyst for improvement both on and off the pitch.”


Newcastle United: Revenue sources and percentages



Note: Newcastle United reported their results for an 11 month period in 2005/06. To enable comparability between the clubs we have estimated revenue for a 12 month period.

Source: Deloitte analysis.

## 15. Hamburger SV

	<b>€120.4m</b> (£81.0m)	Position 05/06: <b>16</b> ↑
		Revenue 05/06: <b>€101.8m</b> (£70.4m)

Hamburg retain a place in the Money League and climb one place with revenues of €120.4m (£81m), an increase of €18.6m (18%). Participation in the UEFA Champions League for the first time since 2000/01 was the main contributor to the club's revenue growth, although a seventh place finish in the Bundesliga in 2006/07 and subsequent qualification for the UEFA Cup through the Intertoto Cup is likely to result in a revenue drop in 2007/08.

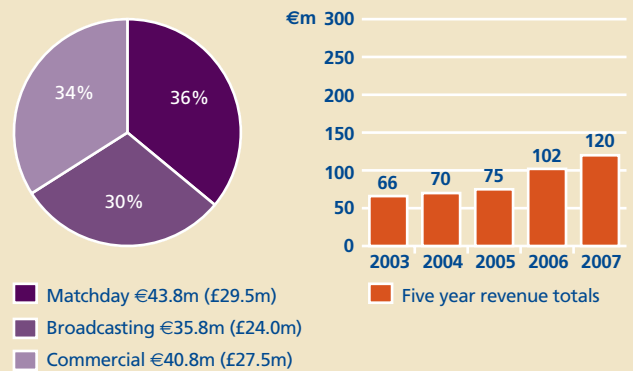
The club received €14.3m (£9.6m) in central distributions from participating in the Champions League, where it was eliminated at the group phase. Broadcast income was also boosted by 2006/07 being the first season of new improved centrally negotiated broadcast deals for the Bundesliga. Together this resulted in total broadcast income doubling to €35.8m (£24m).

Hamburg continues to benefit from a new stadium which was completed in 2000. Matchday revenue increased by €7m (19%) to €43.8m (£29.5m) with an average home league match attendance of 55,900 representing an increase of over 3,000 on the previous season.

Commercial revenues of €40.8m (£27.5m) contribute 34% of total revenues as the club benefits from operating in Europe's largest economy. Key contributors to this total were the club's shirt sponsorship deal with Emirates and stadium naming rights deal with AOL which are worth a reported €5m (£3.4m) and €3m (£2m) per year respectively. From 2007/08, German financial organisation HSH Nordbank will replace AOL as stadium naming rights sponsor whilst the club has also negotiated a new kit supply contract with adidas.


“Hamburg continues to benefit from a new stadium which was completed in 2000. Matchday revenue increased by €7m (19%) to €43.8m (£29.5m).”

Hamburger SV: Revenue sources and percentages



Source: Deloitte analysis.

## 16. Schalke 04

	<b>€114.3m</b> (£76.9m)	Position 05/06: <b>14</b> ↓
	Revenue 05/06: <b>€122.9m</b> (£84.9m)	

Schalke make their fifth successive appearance in the Money League but drop two places to 15th this year, with revenue of €114.3m (£76.9m).

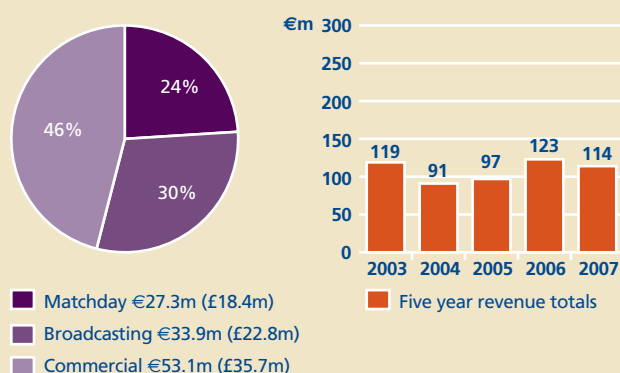
On the pitch Schalke finished in second place in the Bundesliga, but were eliminated in the early stages of both the UEFA Cup and German Cup. They played 18 competitive home games at the Veltins Arena, from which the club generated €27.3m (£18.4m). Average attendances remained over 61,000, giving Schalke the fifth highest attendance of the Money League clubs. However, relatively low ticket prices mean that matchday revenue is considerably below many of its Money League rivals.

Commercially the club generated €53.1m (£35.7m), by far the largest proportion of revenue at 46%. Principal contributors were deals with Russian energy giant Gazprom for shirt sponsorship (reportedly worth between €100m and €125m (£67.3m to £84.1m) over the period to 2011/12), with adidas for kit supply and with brewer Veltins for naming rights, which runs to 2015.

Despite not competing in the UEFA Champions League in 2006/07, the club's strong league performance, coupled with the increased value of Bundesliga broadcasting rights, meant that broadcasting revenue reached €33.9m (£22.8m), a drop of only 13%. Qualification for the knockout stages of this season's Champions League means that Schalke will be looking to move back up the Money League next year and beat its best previous placing of 14th.



Schalke 04: Revenue sources and percentages



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

Source: Deloitte analysis.

“Principal contributors were deals with Russian energy giant Gazprom for shirt sponsorship, with adidas for kit supply and with brewer Veltins for naming rights, which runs to 2015.”

## 17. Celtic



**€111.8m**  
(£75.2m)

Position 05/06: **n/a**  
Revenue 05/06: **€83.7m** (£57.9m)

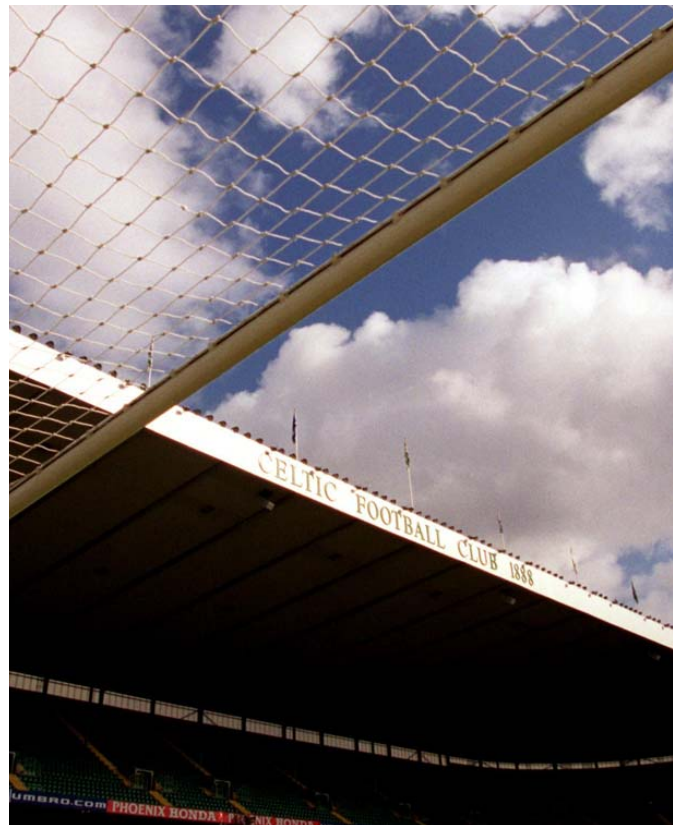
Celtic are the only Money League representative from outside the Big Five countries and return after a year's absence. Revenue increased by 34% to reach €111.8m (£75.2m) as the club won the Scottish Premier League and Scottish FA Cup, and reached the last sixteen of the UEFA Champions League for the first time in 2006/07, where they were beaten by the eventual winners AC Milan.

Champions League revenue has been especially critical to all the Money League representatives from outside the Big Five countries, and the €15.7m (£10.6m) in centrally generated revenue caused total broadcasting revenue to increase by 93% to €34.5m (£23.2m), 31% of revenue.

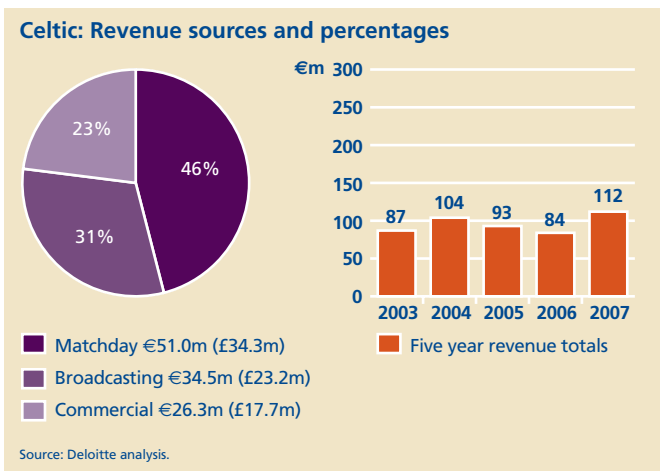
Celtic sold over 50,000 season tickets, and their average league attendance of 57,900 was the eighth highest in the Money League. The club played 28 home matches in 2006/07, with resulting matchday revenue of €51m (£34.3m).

2006/07 was the second season of a five year kit deal with Nike and the club's merchandising revenues of €19.9m (£13.4m) were the largest element of commercial revenues totalling €26.3m (£17.7m).

The new enhanced English Premier League broadcasting deal coming on stream means that Celtic's Champions League success so far in 2007/08 may not be enough for the club, or its Old Firm rivals Rangers – who will share much of Scotland's Champions League rewards with them – to feature in the Money League next year. The club therefore faces a tough task as it focuses its efforts on maximising other broadcasting and commercial revenues in order to make the top 20 in future editions.




“Champions League revenue is critical to all the Money League representatives from outside the Big Five countries, and the €15.7m (£10.6m) in centrally generated revenue caused total broadcasting revenue to increase.”





## 18. Valencia

	<b>€107.6m</b> (£72.4m)	Position 05/06: n/a
		Revenue 05/06: <b>€76.0m</b> (£51.2m)

Valencia return to the Money League following a year's absence with a 42% increase in revenues to €107.6m (£72.4m) in 2006/07. As with several clubs in the lower half of the top 20, the additional revenue generated from participation in the UEFA Champions League was the key to boosting revenues and allowing the club to make the top 20.

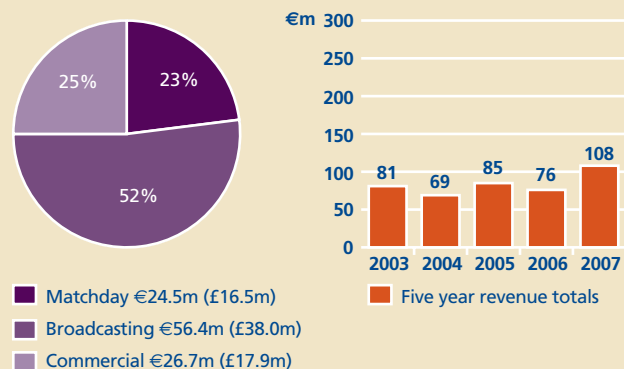
The club's run to the quarter final of the Champions League, where it was eliminated by Chelsea, meant that it received €22.6m (£15.2m) in central distributions which contributed to total broadcasting income of €56.4m (£38m), representing 52% of total revenue. 2006/07 was also the first season of a new three year deal with public service broadcaster RTVV worth a reported €30m (£20.2m) a season.

A shirt sponsorship deal with Toyota and kit supply deal with Nike are key contributors to total commercial revenues of €26.7m (£17.9m) which contributes 25% of total income.

The club generated €24.5m (£16.5m) in matchday revenue with an average home league match attendance at the Mestalla Stadium of 40,000. Revenue from this source was boosted by six home matches in the Champions League. Matchday revenue is likely to increase further from 2009 when the club expects to move to a new 75,000 seat stadium, an increase of 22,000 on the current capacity of the Mestalla.

Sustained success on the pitch including qualification for the Champions League on a consistent basis, coupled with the ability to generate significantly higher revenues from its new stadium are likely to be key to allowing the club to compete for a place in the Money League in future. A disappointing Champions League performance and competition from English clubs in receipt of more TV money may well see Valencia drop out of next year's top 20.

Valencia: Revenue sources and percentages



Source: Deloitte analysis.

“The club’s run to the quarter final of the Champions League, meant that it received €22.6m (£15.2m) in central distributions which added to total broadcasting income of €56.4m (£38m).”



## 19. Olympique de Marseille



**€99.0m**  
(£66.6m)

Position 05/06: **n/a**

Revenue 05/06: **€84.8m** (£58.6m)

Olympique de Marseille is the second French club to appear in this year's Money League and returns to the top 20 after a two year absence.

The club generated revenues of €99m (£66.6m) in 2006/07, an increase of €14.2m (17%) on the previous year. A strong performance in the French Ligue, where it finished runner-up to Olympique Lyonnais, resulted in an increased share of central broadcast distributions, with broadcast revenue totalling €46.2m (£31.1m) representing 47% of the club's total.

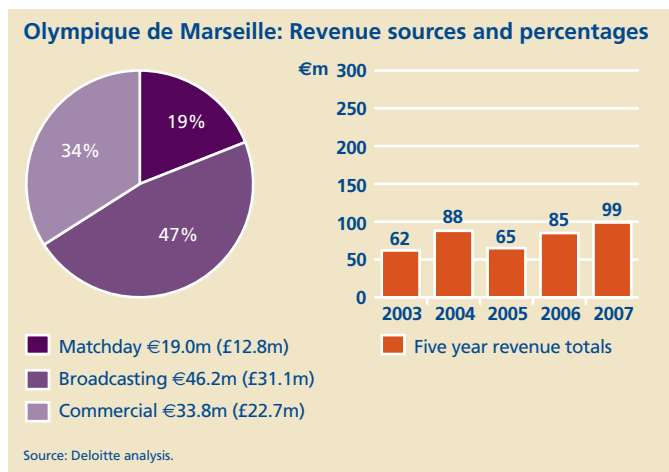
Marseille is one of the best supported clubs in France and boasts the highest attendance of any French club with an average league match crowd of 49,000 in 2006/07.

Key contributors to the club's commercial income, which totalled €33.8m (£22.7m), were its shirt sponsorship deal with telecommunications company Neuf and kit supply deal with adidas.


Participation in the UEFA Champions League in 2007/08 and a subsequent appearance in the UEFA Cup mean that Marseille is well placed to compete for a Money League place next year. The recently negotiated broadcast contracts for the French top-flight for the four years from 2008-09, with slightly increased values, should provide a stable revenue stream for French clubs going forward with consistent on-pitch success key to Marseille securing a Money League place on a regular basis.



“Participation in the UEFA Champions League in 2007/08 and a subsequent appearance in the UEFA Cup mean that Marseille is well placed to compete for a Money League place next year.”



## 20. Werder Bremen

	<b>€97.3m</b> (£65.5m)	Position 05/06: <b>n/a</b>
		Revenue 05/06: <b>€67.3m</b> (£46.5m)

A second successive season of European competition and the impact of the new Bundesliga broadcasting arrangements are the main contributors to Werder Bremen’s €30m (45%) increase in revenue – making them the only debutant in this year’s Money League.

Whilst average league attendance at the Weserstadion was the lowest of the German clubs in the Money League, and the stadium the only one not to be used for the 2006 World Cup, Werder Bremen achieved near capacity Bundesliga crowds and increased matchday revenues by 22% to €22.4m (£15.1m).

Werder Bremen’s broadcasting revenue represents a considerably higher proportion (53%) of its total revenue than is typical for a German club. This reflects the club’s recent on-pitch success. 2006/07 is the first year of an improved centralised broadcast deal for the Bundesliga and, having finished third in the league, Werder Bremen will have benefited.

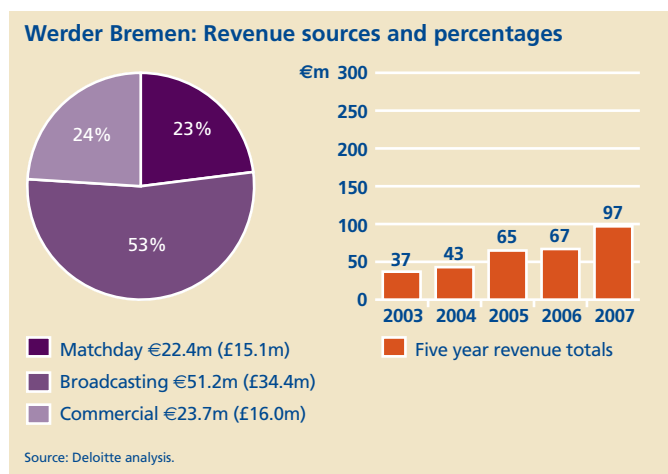
The club were eliminated from the UEFA Champions League at the group stages, but qualified for the UEFA Cup and progressed to the semi final. As a result, they received a total of €21.1m (£14.2m) in UEFA centrally generated broadcast and sponsorship revenues plus self generated revenue from the early knockout rounds of the UEFA Cup.

Bremen will receive European competition revenues again in 2007/08 – having finished third in its Champions League group and qualified for the UEFA Cup knock out stages.



“A second successive season of European competition and the impact of the new Bundesliga broadcasting deal are the key contributors to Werder Bremen’s €30m (45%) increase in revenue.”

In spite of having increased 68% in the year, Werder Bremen’s commercial revenue of €23.7m (£16m) is the lowest of the clubs in the Money League. German Bundesliga teams have typically been successful in generating substantial commercial revenues and there seems to be potential for Werder Bremen to reduce the club’s reliance on broadcast income and Champions League qualification through further growth in this area. It will need to achieve this to maintain its place in the Money League.





# Size matters

In the Money League we use revenue from day to day football business operations as the basis for our club rankings. Over the last few years, lists using other measures have been produced which focus on the estimated value of clubs or their brand value. These subjective exercises make interesting reading, and such analysis is augmented by the media and fans regularly talking about ‘big clubs’ and ‘sleeping giants’. This year we add to the debate, by looking at alternative measures to analyse clubs’ performance, to try and determine the identity and ranking of the world’s biggest clubs.

## Popularity contest

Fanbase is a direct measure of the popularity of a club, either in its domestic market or around the world. But how do you measure fanbase, or even define a ‘fan’? A number of clubs commission their own studies. Manchester United, for example, has estimated its current fanbase at 333 million (including 139 million ‘active supporters’) – 5% of the world’s population. The fact that there is no single methodology or set of definitions for such studies and that they are typically commissioned by individual clubs makes true comparisons very difficult.

We consider that revenue is a reasonable means to judge a club’s size as, intuitively, the size of a club’s fanbase influences all three revenue streams:

- Matchday revenue from fans that attend matches;
- Broadcasting rights values driven by a club’s fanbase in domestic and international markets; and
- Commercial agreements due to the scale of the potential visibility and affinity for sponsors.

However, it can be argued that the luck of the draw in being situated in a ‘big league’ market with large collective TV rights values and audiences can cause the two features to be unaligned. A club with relatively few fans can gain from the success and status of other participants in their domestic league. By contrast, clubs with larger fanbases in smaller markets may struggle to achieve rights values proportionate to the scale of their support. In general, being located in a market that sells rights on a club by club basis will allow a club’s fanbase to more directly drive broadcast rights values.

In many cases, even allowing for geographically dispersed supporters, the most accessible proxy for the relative size of a club’s fanbase is its average matchday attendance. Whilst capacity constraints will limit attendance at some clubs, in some cases this will be a short term constraint, as clubs with an excess demand for tickets are likely to respond by increasing stadium capacity either by expansion or by a move to a new stadium.

Table 1 shows the top 20 European clubs ranked by average home league match attendance for the five seasons 2002/03–2006/07 and their Money League ranking over the same period. Although they

**Table 1: European clubs by attendances – 2002/03–2006/07**

Rank	Club	Country	Average • attend.	5 yr DFML • ranking
1	Borussia Dortmund	Germany	74,000	20
2	FC Barcelona	Spain	70,900	6
3	Real Madrid	Spain	70,700	1
4	Manchester United	England	69,500	2
5	Schalke 04	Germany	61,100	14
6	Bayern Munich	Germany	59,300	7
7	AC Milan	Italy	59,200	3
8	Celtic	Scotland	57,900	16
9	Internazionale	Italy	55,400	9
10	Newcastle United	England	51,700	12
11	Olympique de Marseille	France	50,400	22
12	Hamburger SV	Germany	50,200	18
13	Rangers	Scotland	49,100	22
14	Ajax	Holland	48,100	30
15	Hertha Berlin	Germany	45,200	n/a
16	AS Roma	Italy	44,300	11
17	Valencia	Spain	43,500	21
18	Liverpool	England	43,300	10
19	Atletico Madrid	Spain	42,800	30
20	Arsenal	England	42,500	8

Key:

① Domestic home league matches only.

② Ranking of points allocated based on Money League position between 2002/03–2006/07 with 20 points allocated for first, 19 for second, etc., down to one point for finishing 20th.

Source: Deloitte analysis; Sky Sports Yearbook; Lega Calcio; LFP (France); European Football Statistics.

haven’t featured in the Money League top 20 since 2002/03, Borussia Dortmund have the highest average attendance of 74,000. German clubs are the best represented in the top 20 with five clubs. Each of these five clubs have moved to a new stadium or had their old ground redeveloped in the last ten years. The 2006 FIFA World Cup had a significant role to play in this. The main challenge for German clubs to compete financially in the coming seasons will be to maintain their current attendance levels while increasing the level of matchday revenue per head.

Despite a record four German clubs being in the Money League this season, the matchday revenues they generate, with the exception of Bayern Munich, are relatively low compared to British clubs. For example, Schalke 04 had a similar average league attendance to

Arsenal in 2006/07 (61,400 compared to 60,000) yet its matchday revenue of €27.3m (£18.4m) equates to only €1.5m (£1m) per competitive home match. In contrast, Arsenal generated an average of €4.6m (£3.1m) per match at the Emirates Stadium.

The top three clubs in this year’s Money League – FC Barcelona, Real Madrid and Manchester United – all have average attendances over five years of around 70,000, with Manchester United recording the highest average attendance in 2006/07 of 75,800 in the first full season of the expanded Old Trafford.

Newcastle United, Olympique de Marseille and Hamburger SV are in positions 10-12 with average attendances of over 50,000. These attendance levels, despite not winning a major trophy between them since Marseille’s controversial UEFA Champions League victory in 1993, signal the loyalty and passion of these clubs’ fans.

As in the revenue table in this edition of the Money League, Europe’s Big Five leagues dominate the attendance rankings with only three clubs from outside being represented in the top 20 – Celtic, Rangers and Ajax.

**The trophy cabinet**

On-pitch performance is the key measure fans use to determine the success of their club. It is commonly assumed that clubs with the largest financial power (highest revenue) – and thus better able to buy the best players and pay their wages – are likely to be the most successful on the pitch. But, is this assumption correct? The Money League is a pan European table of clubs’ financial success.

We believe it is the closest off-pitch parallel to the Champions League. We have therefore mapped clubs’ Money League success against the on-pitch equivalent. Table 2 shows the top 20 ranking of clubs that have reached at least the quarter final stage of the Champions League between 1996/97-2006/07.

In our analysis, Real Madrid is the leading performing club in the Champions League over the last 11 years with three titles, followed by AC Milan who have won twice. The top ten clubs in the all-time Money League rankings are all in the top 14 in terms of Champions League performance. This is telling proof of the virtuous circle between on-pitch and off-pitch performance, most clearly shown in the UEFA broadcasting and sponsorship revenues a club can expect to receive – between €5.6m and €39.6m in 2006/07. Only a few clubs such as Valencia, FC Porto and AS Monaco have occasionally bucked this trend.

While performance in the Champions League compares clubs across domestic boundaries it does not necessarily measure what is most important for fans – the number of trophies being won. Given there are over 700 top flight football clubs in any one season within UEFA alone, in order to determine the clubs that have won the most trophies, we have limited our analysis to leagues widely considered to be amongst the strongest in world football namely: nations that have been represented in previous editions of Money League – England, France, Germany, Holland, Italy, Portugal, Scotland, Spain, Brazil; as well as Argentina and Mexico. As clubs in each of these countries play in a range of different competitions, to aid comparison we have limited the analysis to the performance of clubs in their top flight domestic league, domestic cup and top level continental competition only over the last 11 years (1996/97-2006/07). Rankings have been based on the number of trophies only, and we have not attempted to weight the competitions, either between the different types of competition or on the relative strength of the different countries’ domestic competitions.

“The top ten clubs in the all-time Money League rankings are all in the top 14 in terms of Champions League performance. This is telling proof of the virtuous circle between on-pitch and off-pitch performance.”

**Table 2: UEFA Champions League top 20 clubs performance – 1996/97-2006/07**

Rank	Club	Quarter Finalists	Semi Finalists	Runner Up	Winners	Points	DFWL All-time ranking
1	Real Madrid	2	2	-	3	18	2
2	AC Milan	1	1	1	2	14	4
2	Manchester United	4	3	-	1	14	1
4	Bayern Munich	4	1	1	1	13	5
4	Juventus	2	1	3	-	13	3
6	FC Barcelona	1	2	-	1	9	6
7	Liverpool	1	-	1	1	8	9
7	Valencia	2	-	2	-	8	28
9	Chelsea	1	3	-	-	7	7
10	Borussia Dortmund	-	1	-	1	6	15
10	FC Porto	2	-	-	1	6	n/a
12	Arsenal	2	-	1	-	5	10
12	AS Monaco	-	1	1	-	5	n/a
12	Internazionale	3	1	-	-	5	8
15	Bayer Leverkusen	1	-	1	-	4	n/a
15	Deportivo La Coruña	2	1	-	-	4	n/a
17	Ajax	1	1	-	-	3	31
17	Dynamo Kiev	1	1	-	-	3	n/a
17	Olympique Lyonnais	3	-	-	-	3	19
17	PSV Eindhoven	1	1	-	-	3	n/a

Key:  
 1 Points allocated on finishing position: four points for winners, three for runner up, two for semi finalists and one for quarter finalists.  
 2 Ranking of points allocated based on Money League position for each season with 20 points allocated for first, 19 for second, etc., down to one point for finishing 20th.

Source: UEFA; Deloitte Football Money League.

**Table 3: Top 20 clubs on-pitch performance – 1996/97-2006/07**

Rank	Club	Country	● League Titles	● Domestic Cups	● Continental Cups	Total trophies won
1	Bayern Munich	Germany	7	5	1	13
1	FC Porto	Portugal	7	5	1	13
3	Boca Juniors	Argentina	6	-	4	10
3	Celtic	Scotland	6	4	-	10
5	Manchester United	England	6	2	1	9
5	Rangers	Scotland	5	4	-	9
7	Ajax	Holland	3	5	-	8
7	PSV Eindhoven	Holland	7	1	-	8
7	River Plate	Argentina	8	-	-	8
10	Arsenal	England	3	4	-	7
10	Real Madrid	Spain	4	-	3	7
12	FC Barcelona	Spain	4	1	1	6
12	Olympique Lyonnais	France	6	-	-	6
14	AC Milan	Italy	2	1	2	5
14	Chelsea	England	2	3	-	5
14	Pachua	Mexico	5	-	-	5
14	Toluca	Mexico	5	-	-	5
18	Corinthians	Brazil	3	1	-	4
18	Cruzerio	Brazil	1	2	1	4
18	Internazionale	Italy	2	2	-	4
18	Juventus	Italy	4	-	-	4
18	Sporting Lisbon	Portugal	2	2	-	4
18	SS Lazio	Italy	1	3	-	4

**Key:**

● In Argentina and Mexico two separate league competitions are held during the course of a European season; Apertura (or "Opening" which runs from August-December) and Clausura (or "Closing" which run from January-June).

● Only one domestic cup per country is included being FA Cup (England), Coupe de France, DFB Pokal (Germany), Coppa Italia, Copa Del Rey (Spain), KNVB Cup (Holland), Scottish Cup, Taca de Portugal and Copa do Brasil.

● UEFA Champions League and Copa Libertadores.

Note: Analysis only includes clubs from Argentina, Brazil, England, France, Germany, Holland, Italy, Mexico, Portugal, Scotland and Spain.

Source: RSSSF.com; Deloitte analysis.

Bayern Munich and FC Porto lead the way with seven league titles, five domestic cups and one Champions League title each in the last 11 years. Celtic, Manchester United, PSV Eindhoven and Olympique Lyonnais have also performed best in their domestic leagues over the same period, all winning at least half of the domestic league titles.

Interestingly the majority of European clubs represented fall into one of three categories:

- Successful clubs in non Big Five leagues – FC Porto, Celtic, Rangers, Ajax and PSV. These clubs have won a high proportion of domestic trophies over the ten years, but with the exception of FC Porto for one season, have not been able to translate their domestic dominance into Champions League success.
- Successful clubs in Big Five leagues – such as Bayern Munich and Manchester United. These clubs have won a high proportion of domestic trophies and have been high performers in the Champions League.
- Clubs that have not been able to dominate domestically due to a high level of competition in their domestic league – Arsenal, FC Barcelona, Real Madrid, AC Milan, Chelsea and Internazionale.

These clubs – particularly Real Madrid, AC Milan and FC Barcelona – have been top performers in the Champions League but the level of competition from each other (and from Manchester United for the English clubs) prevents them from dominating at domestic level.

Boca Juniors, with four Copa Libertadores titles in the last ten years, are the highest placed South American club. Six clubs in the top 20 are from Argentina, Brazil and Mexico, although no club from these countries has appeared in the Money League in the last ten seasons. The smaller scale of the South American football economies and the relative financial strength of European clubs has forced Argentinean and Brazilian clubs' business models to be more reliant on transfer fee income – 34% and 16% of total revenue respectively in 2006 – than their European counterparts. In our Money League transfer fee income is excluded from clubs' revenue making it unlikely that a South American team will break into the top 20 of the Money League in the near future.

The impact of the size and depth of competitiveness of a country's football economy can be seen in the fact that on a simple scale of ranking by trophies won, Celtic and Rangers outperform Arsenal, Juventus, Chelsea and Internazionale, but these four have a combined 17 appearances at the quarter final stages of the Champions League in the last 11 years compared to the Old Firm's none. Indeed only eight of the 12 Money League ever-presents are represented in the trophies won rankings leaving Liverpool, Newcastle United, AS Roma and Tottenham Hotspur out of the top 20.

**So who is the biggest club?**

Every measure we have looked at has provided a different number one. Borussia Dortmund have the highest average attendance, Real Madrid have performed best in the Champions League and Bayern Munich and FC Porto are the most successful in terms of trophies won.

In terms of financial muscle, Real Madrid and Manchester United have been the only two clubs to top the Money League. They also perform well across most categories we have looked at. They are both in the top four average league attendances in Europe over the last five years and are top and joint second in terms of their Champions League performance respectively.

With the Champions League universally recognised as the top club football competition in the world and its on-pitch top ten over the past decade having such a strong correlation with the Money League, we are happy to continue using our off-pitch revenue measure as the best indicator of size. ●





# Back to the future

Europe's top clubs, that dominate the Money League, have enjoyed a phenomenal rate of revenue growth over the past 15 years. Here we examine whether this growth is likely to continue and how it may impact on the composition of the Money League in future years.

The collective revenues of the top 20 Money League clubs increased from €1.2 billion to €3.7 billion (£0.8 billion to £2.5 billion) between 1996/97 and 2006/07 at a combined average annual growth rate of €250m (12%). The top 20 clubs represent approximately 30% of the revenue of the European football market.

As football has become increasingly market driven it is clubs within the large European markets, and specifically the Big Five leagues (England, France, Germany, Italy and Spain) that have dominated the Money League.

We have seen an increasing uniformity in terms of the composition of the Money League's top 10 clubs and a disparity in revenues between clubs in this grouping and the rest, as the largest clubs in four markets (France has never had a top 10 club in the Money League) have gravitated to the top of list.

## Global superstars

Whilst fourteen clubs have made the top 10 since our analysis began in 1996/97, the top 10 has remained the same for the last four editions except 2006/07 when AS Roma replaced Juventus following the latter's relegation to Serie B. We expect Juve to return to the Top 10 in next year's edition.

The gap between the tenth and eleventh placed clubs increased from €1.4m to €48.3m (£0.9m to £33.4m) between 2002/03 and 2005/06 indicating the gap between the top 10 and the rest is widening.

A virtuous circle exists at the elite level with success on the pitch fuelling financial riches off the pitch, and vice versa. The top 10 (including Juve) continue to dominate on the pitch with these clubs having secured 34 of the 43 domestic league titles on offer since our analysis began in 1996/97. The top 10 clubs have won the UEFA Champions League in nine of the last 11 seasons.

Champions League football is increasingly a minimum requirement in order to reach the top 10, and in most markets essential to reach even the top 20. Only three clubs – Chelsea in 2002/03, and FC Barcelona and Liverpool in 2003/04 – have reached the Top 10 during the last five editions of the Money League without competing in the Champions League.

It is difficult to envisage the composition of the top 10 changing in the near future (bar Juventus replacing AS Roma from 2007/08). However, will the order of clubs in the top 10 change and who else can challenge for a top 20 place?

## Broadcast riches

Overall revenue growth has been underpinned by increases in broadcast revenue. Recent technological developments and the proliferation of delivery platforms has re-energised broadcast markets with the corresponding boost to recently negotiated domestic league broadcast rights contracts likely to shape the Money League in future years (as shown in Table 4).

**Table 4: Selected broadcast contracts for the Big Five leagues**

Property	Rights winner	Duration	Start	Average rights fees per season (€m)	Estimated increase %
English Premier League	Various	3 years	2007/08	1,335	70%
French Ligue 1	Canal Plus/Orange	4 years	2008/09	668	2%
German Bundesliga	Sirius	6 years	2009/10	• 500	20%
Italian Serie A	AC Milan	Mediaset	2 years	110	10%
	Juventus	Mediaset	3 years	110	• 35%
	Internazionale	Mediaset	2 years	100	10%
	AS Roma	Mediaset	2 years	65	25%
Spanish Primera Liga	Real Madrid	Mediapro	7 years	155	70%
	Barcelona	Mediapro	7 years	145	80%
	Valencia	RTVV	5 years	30	0%
	Atletico Madrid	Telemadrid	5 years	42	110%

Key:

① €500m represents the minimum guaranteed to the DFL by Sirius in respect of domestic broadcast rights only.

② Estimated increase is based on the reduced amount that Juventus received from Sky Italia in 2006/07 as a result of being relegated to Serie B.

Note: Rights fees for Italian clubs do not include payments made for the option to acquire rights in future years.

Source: Deloitte analysis; Club press releases; Premier League; DFL.

### Premier rights

The Premier League continues to lead the way with new three year broadcast rights contracts from 2007/08 worth a combined €4 billion (£2.7 billion) likely to impact on the Money League in several ways.

At the top end, should Manchester United retain the Premier League title in 2007/08 it is likely to receive around €75m (£50m) in central broadcast distributions, an uplift of approximately €27m (£18m) on what it received in 2006/07. Such an increase may help it close the revenue gap between itself and top placed Money League club Real Madrid which was €35.8m (£24.1m) in 2006/07. Real has budgeted revenues of €360m (£242.3m) in 2007/08, an increase of €9m.

The relative Champions League performance of these two clubs in 2007/08 may yet determine who secures top spot in next year's Money League.

Further down the Money League the new Premier League deals are likely to allow more English clubs to join Tottenham Hotspur and Newcastle United in occupying positions eleven to twenty.

Revenue of at least €100m (£67.3m) is likely to be a minimum requirement for securing a top 20 position in the next edition of the Money League. Manchester City, Everton, West Ham United and Aston Villa could all record revenues of over €100m in 2007/08. Hence a record number of English clubs may populate next year's Money League with potentially half the top 20 coming from the Premier League. Even more remarkably the whole of the Premier League could be among the world's richest 50 clubs by revenue for the current season, 2007/08.

So can clubs in other countries expect to enjoy uplifts in broadcasting revenue and challenge this English economic supremacy?

### Italian challenges

The three Italian giants AC Milan, Inter and Juventus all have new two or three year broadcasting contracts with Mediaset commencing in 2007/08, which are reportedly each worth at least €100m (£67.3m) per season and represent significant increases on current deals.

Whilst these deals should sustain revenues for the three clubs over the next two years, the Italian government is leading the drive for Serie A clubs to return to a collective league wide sale of broadcast rights from 2010/11 onwards. We would expect this to erode broadcast revenues for top Italian clubs in future.

To put this in context, the English Premier League will earn average broadcast revenues of around €1.3 billion (£900m) a season for the three years from 2007/08, with the highest distribution to a single club in a single year being around €75m (£50m) and the lowest €45m (£30m).

The total broadcast rights fees generated by Serie A clubs in 2007/08 are estimated to be approximately €850m (£572m). Hence a return to collective selling and a more equal distribution mechanism between clubs is likely to significantly erode the level of broadcast revenues currently received by the top Italian clubs through individually negotiated deals.

This places even more urgency on Italian clubs to address the continuing stadium facility and security problems or risk sliding down the Money League and losing pace with their European peers. AC Milan and Inter have both suffered reductions in matchday revenues since 2002/03 to the point that each club now generates less than €30m (£20.2m) from this source. This is over €50m (£33.6m) less than the level of FC Barcelona, the Money League top five club earning the least matchday revenues and over €100m (£67.3m) below that of Manchester United, the top five club earning the most.

### Reigning in Spain

Real Madrid and Barcelona's achievement in occupying top three positions in the Money League has been underpinned by growth across all three revenue streams. Both clubs now have lucrative broadcast contracts with Mediapro worth at least €140m (£94.2m) per season until 2012/13 which will make them challengers for similar Money League positions in future years.

However, the ongoing dispute between Mediapro and Sogecable over the ownership of club broadcast rights has impacted on the stability of the individual selling regime in La Liga. The Spanish top-flight is presently due to become the only Big Five league to allow clubs to sell rights individually given Italy's anticipated return to a collective regime. It would not be surprising to see their position challenged.

### German uplifts

Elsewhere within the Big Five countries, the Kirch owned investment company Sirius has acquired all Bundesliga rights for the six years from 2009/10 in a deal worth a minimum of €500m (£336.6m) a season, an uplift of around 20% on current deals.

Under the terms of the all-encompassing deal, which includes production as well as distributions rights, Sirius will sell rights on to broadcasters and pay the Bundesliga a minimum guarantee as well as a share of revenues above certain thresholds.

However, should this 20% increase flow directly through to club distributions then the highest earning Bundesliga club can still expect an increase of only around €5m (£3.4m) per year, assuming that current distribution mechanisms remain similar to those currently used. This emphasises how top German clubs (who received around €25m (£16.8m) in 2006/07) are disadvantaged compared to their top European counterparts by domestic rights arrangements and values.

### French connection

The French league recently negotiated new broadcast deals for the four year period from 2008/09 with Canal Plus and Orange acquiring the rights for €668m (£450m) per season, a slight increase on current deals. Maintaining the current level of rights fees is a solid achievement for the league given that current deals represented a step change in rights fees (with increased revenues of over €200m (£134.6m) per season) compared to previous deals and accelerated the merger of Canal Plus with TPS, a rival Pay-TV operator and key competitor for Ligue 1 rights.

### Other revenue drivers

Aside from broadcasting contracts and a club's performances on the pitch, are there other factors which could propel clubs into the list or up the rankings?

The article which follows, 'Building giants' emphasises the impact that the building of a new stadium or redevelopment of existing facilities can have on a club's revenues.

In recent years, Arsenal in particular has shown how a new stadium can transform revenues and a club's position within the Money League. The club's revenues jumped €71.5m (£44.6m) to €263.9m (£177.6m) in 2006/07, the first season in the Emirates Stadium, allowing it to secure a top five position.

Liverpool's plans to move to a new stadium by 2011 are likely to boost the club's revenues. Should the move double matchday revenues (as happened at Arsenal), this could deliver an additional €55m to €60m (£37m to £40.4m) to the club's revenue total. Bayern Munich's acquisition of the remaining stakeholding in the Allianz Arena may also boost its revenues going forward.

### New entrants?

Whilst English clubs are likely to dominate positions 11 to 20 for 2007/08, are there other clubs who could push for a place?

Table 5 shows the revenues of certain clubs currently just outside of the top 20.

**Table 5: Deloitte Football Money League selected non top 20 clubs**

Club	2006/07 Revenue
Borussia Dortmund	€90.3m (£60.8m)
FC Copenhagen	€89.9m (£60.5m)
PSV Eindhoven	€88.0m (£59.2m)
VfB Stuttgart	€87.8m (£59.1m)
Fenerbahce	€87.2m (£58.7m)
Benfica	€87.1m (£58.6m)
West Ham United	€85.1m (£57.3m)
Manchester City	€84.6m (£56.9m)
Aston Villa	€78.3m (£52.7m)
Everton	€76.4m (£51.4m)

Source: Deloitte analysis.

Outside the top 10, on-pitch success and Champions League football is likely to be the key to non-English clubs securing a Money League place. The concentration of German clubs in this year's Money League also demonstrates the revenue boost available from new or upgraded stadia. Several developments planned in the coming years may allow clubs to challenge for a place in the top 20 or move up the rankings in future.

So are there any sleeping giants out there? Borussia Dortmund recorded revenues of €90.3m (£60.8m) in 2006/07, despite modest on-pitch achievements. The club boasts the third highest domestic league match attendance (72,800 in 2006/07) and sustained on-pitch success including Champions League football (it has not reached the group phase since 2002/03) may allow it to challenge for a top 20 position on a regular basis.

## “The concentration of German clubs in this year's Money League also demonstrates the revenue boost from new or upgraded stadia.”

In Spain, Valencia may drop out of the top 20 next year given the broadcast revenues received by English clubs and the Spanish club's modest on-pitch performance so far in 2007/08. However a return to form on the pitch, coupled with a planned move to a new stadium from 2009/10, may allow the club to challenge for a top 20 place. The same is true of Atletico Madrid who haven't appeared in the Money League since the first edition in 1996/97.

In France, Paris-Saint Germain have the potential to challenge, but only if they enjoy a sustained revival on the pitch and consistent Champions League qualification.

Meanwhile FC Copenhagen's revenue achievements in a relatively small market, Denmark, are remarkable evidence of what can be delivered by a strong strategy and construction and management of state of the art facilities.

### Beyond the Big Five

The Money League has always contained at least one non-Big Five European league club (Celtic in 2006/07). However the expected influx of English clubs to the top 20 may mean that no club outside of the Big Five European Leagues makes the list in 2007/08.

Non-Big Five Leagues tend to be highly polarised with a handful of clubs dominating on the pitch and generating the highest revenues. These clubs are often already playing in a large, full, modern stadium, but the smaller broadcast markets in which they operate mean a substantial and growing disparity in revenues between these clubs and those in the Big Five leagues. It is likely to be increasingly difficult for a non-Big Five club to secure a Money League position in future editions.

So is the Money League a closed shop? It is hard to envisage that the composition of the top 10 clubs (other than Juventus being restored to the list in place of AS Roma from 2007/08) will change in the near future although the rankings within the top 10 may, and English clubs have the potential to dominate positions 11 to 20 for the next couple of years.

Whilst it looks increasingly difficult for other European clubs to make the list, sustained on-pitch success and a focus on all revenue streams may both ensure financial health for clubs and allow some to challenge for a Money League place in future. ●



# Building giants

New or improved stadia have underpinned some of the major stories in this year's Money League. Arsenal and Manchester United have seen revenues increase substantially as a result of major developments, while the impact of the 2006 FIFA World Cup on club stadia is seen in Germany having four Money League representatives for the first time. Here we briefly review recent stadium investments, discuss the impact such developments can have and look at what might happen in the future.

## Strong foundations

With growth in broadcasting revenue being outside many clubs' direct control (even the individual sellers of Italy and Spain are subject to the ebb and flow of sentiment and competition in the broadcast rights market), commercial and matchday revenue streams are key areas of focus. In leagues where broadcast rights are collectively sold these are the points of difference between the league's member clubs. For these two revenue streams a club's stadium can play a pivotal role in improving, and helping to generate new, revenue.

Around half of the current Money League clubs have carried out stadium developments in the last fifteen years. Major events have often been the catalyst. Significant English developments preceded EURO 96 and laid important foundations for English teams' revenue growth over the past decade. Their €3.3 billion (£2.2 billion) investment in stadia and associated facilities since 1992/93 has helped football clubs in England to grow matchday revenues and achieve a more balanced spread of revenue (relative to commercial and broadcasting revenue streams) than is seen in many other leagues.

In Germany the 2006 FIFA World Cup provided an even greater impetus and focus for a new wave of stadia investment. An estimated total of €1.4 billion (£950m) was spent on seven new builds and five redevelopments at the twelve venues. Prior to the World Cup, there had not been more than three German clubs featuring at any one time in the Money League, whereas this year, covering the first season after the World Cup, there are four – Bayern Munich, Hamburger SV, Schalke 04 and Werder Bremen.

## Significant impact

Stadium developments have often underpinned significant revenue growth for clubs. As the case studies and the table below show, this has been the reason for either a club appearing in the Money League or making significant steps up it.

Schalke 04's previous Park Stadium, which was opened in 1972, no longer satisfied the requirements of a modern football ground. It only had 22,000 covered places, offered unsatisfactory views of the pitch and few options for conversion. The new Veltins Arena has addressed this and was the key reason for the club's first appearance in the Money League in 2002/03. The €190m (£128m) stadium has a capacity of 61,500 (54,000 for European matches) and opened in August 2001, including 3,400 corporate places and 16,300 standing places (convertible to seating for European matches). In the club's first post opening season, attendances rose by 16,500 (38%) to reach 60,500 and the club's matchday revenues increased to €32m (27% of total revenue). The stadium was part financed by a €85m securitised bond and has since hosted the 2004 UEFA Champions League final and five World Cup finals matches.

Manchester City's new home, the City of Manchester Stadium, was originally developed by the local council as a centrepiece for the 2002 Commonwealth Games. Following some redesign work to convert the stadium into a predominantly football arena, Manchester City exchanged its old ground, Maine Road, for a 250 year leasehold interest in the City of Manchester Stadium. Following the move to the 48,000 seater venue in August 2003, the 37%

**Table 6: Details of stadium developments at selected Money League clubs**

	Schalke 04	Manchester City	Benfica	Arsenal	Manchester United
Type of stadium development	New	New	New	New	Redevelopment
Name	Veltins Arena	City of Manchester Stadium	Estadio da Luz	Emirates Stadium	Old Trafford
First year	2001/02	2003/04	2003/04	2006/07	2006/07
Estimated cost (€m)	190	230 <sup>①</sup>	150	640	65
Capacity increase/(decrease)	(500)	13,000	(11,000)	22,000	8,000
New entrant – Money League position <sup>②</sup>	14	16	20 <sup>③</sup>	n/a	n/a
Change in Money League position <sup>④</sup>	n/a	n/a	n/a	+4	+2
Change in total revenue (€m) <sup>⑤</sup>	+64 <sup>⑥</sup>	+23	+15	+72	+73

Key:  
<sup>①</sup> Total revenue (matchday, broadcasting and commercial) in the first year after stadium development.  
<sup>②</sup> Benfica entered the Money League in 2005/06, two seasons after moving into the new stadium.  
<sup>③</sup> Comparison of 2002/03 against 2000/01 revenue, as 2001/02 revenue of €61m covers a six month period from July-December as Schalke changed from reporting a seasonal year to a calendar year.  
<sup>④</sup> Cost as incorporated into the club's financial statements in 2004 based on external valuation of the stadium.  
<sup>⑤</sup> For clubs which have entered the Money League post stadium development, their position in the top 20 is shown. For those clubs who have already appeared in the Money League the change in position is stated.

Source: Club websites; press reports and Deloitte analysis.

increase in capacity led to a 36% increase in Premier League attendances to 46,800, a near doubling of matchday revenue to €25.8m (£17.1m) and their first appearance in the Money League in 16th place in 2003/04. The increase is a fine example of a club capturing and capitalising on a new stadium's potential and transforming its revenues as a result.

Benfica's new stadium, named after the previous stadium Estadio da Luz ('Stadium of Light'), was built in time to host the final of the European Championships in 2004. Constructed adjacent to the previous site, it has been given a five star classification by UEFA enabling it to also host finals of the UEFA Champions League and UEFA Cup. The original Stadium of Light was opened in 1954 and by 2002 had a capacity of 76,000. However, with the club only able to fill 30% to 40% of the ground in the seasons before the move, it opted for a 14% reduction in capacity to 65,000. With the enhanced facilities and an improvement in on-pitch performances attendances have risen from 22,500 in 2002/03 to 43,000 in 2005/06 enabling the club to be the first Portuguese entrant to the Money League in 2005/06.

Arsenal have been in the top 10 of the Money League in each of the past five years, but only entered the top five this year when they moved into the Emirates Stadium with an increase in total revenue of €71.5m (37%). Arsenal had been investigating stadium opportunities for some years. With limited available space at Highbury, the club opted against redevelopment and after deciding against pursuing a move into the new national stadium (Wembley), the club chose to build a new stadium close to Highbury. Construction started in Feb 2004 and the stadium staged its first match in July 2006.

The all seater, 60,400 capacity stadium, cost a reported €640m (£430m) and has provided the club with the opportunity to satisfy the excess demand for tickets at Highbury and bridge the gap of over €46m (£32m) that previously existed between themselves and the fifth placed club. The Emirates Stadium has reduced the gap in matchday revenue between the club and the highest matchday revenue generating club in the Money League, Manchester United, to just €2.9m (£1.9m) despite having 16,000 fewer seats. The move has been such a success that the club reports a season ticket waiting list of 41,000 demonstrating continued excess demand despite a 57% increase in capacity.

Since the first Money League in 1996/97 Manchester United have completed two major development projects, increasing Old Trafford's capacity by 36% from 56,000 to 76,000. The latest phase was completed in the summer of 2006 and involved the construction of new quadrants in the North East and North West corners, raising capacity by 8,000 of which 2,400 were corporate seats. This is estimated to have cost around €65m (£45m) and has helped the club to increase matchday revenue by €34.4m (£21.2m) in 2006/07. At 76,000 Old Trafford is currently the largest club stadium in England, some 16,000 bigger than the Emirates Stadium. The potential competitive advantage for Manchester United is clear, as it now has the highest current average domestic league match attendance in Europe at 75,800.

**“Arsenal have been in the top ten of the Money League in each of the past five years but only entered the top five this year when they moved into their new stadium with an increase in total revenue of €71.5m (37%).”**

### Corporate opportunities

What can stadium development do for a club? While we do not advocate a 'build it and they will come' approach, properly planned and implemented stadium developments can deliver a significant increase in attendances. With improved facilities, sight lines and comfort, clubs usually witness a significant increase in attendances post move and increased prices can be charged, reflecting the better product being sold, leading to a corresponding impact on revenues.

A redeveloped or new arena can also provide clubs with the opportunity to develop new revenue streams, particularly in the corporate sector. Traditionally, matchday corporate hospitality offerings have been mainly concentrated in the UK and have been one reason for their significantly higher matchday revenues. A crude measure of a club's ability to generate matchday revenue, and a key indicator of stadium performance, is annual matchday revenue per attendee. There is a distinct difference in this metric between English clubs and their European counterparts.

In the 2005/06 season, clubs in the English Premiership were achieving a matchday revenue per attendee of €51 (£34) compared to €33 (£22) in Spain, €24 (£16) in Germany, €22 (£15) in Italy and €16 (£11) in France. In addition, six of the current top ten Money League clubs, ranked by matchday revenue, were English.

Post World Cup the German clubs are the nearest matchday revenue competitor to their English counterparts and now offer a considerable amount of corporate hospitality seats – Bayern Munich with c.3,600 (5.5%) and Schalke 04 c.3,400 (5.5%).

In the UK, the proven success of previous corporate facilities has been such that some of the more recent stadium developments have led to a step change in corporate hospitality capacity. This is clearly evident in two of the clubs highlighted above – Manchester United and Arsenal. Arsenal's executive box capacity has increased from c.350 in Highbury to c.2,000 in the Emirates stadium with corporate hospitality places also growing emphatically from 180 to c.7,000 in the Emirates. Manchester United's current box capacity is c.1,200 with corporate hospitality places of c.6,700 bringing the total to c.7,900. Manchester United and Arsenal's corporate hospitality offering now represents c.10-15% of total capacity at each stadium which is more than twice as large as Liverpool's (c.5%). Furthermore, at Wembley c.17,000 of the 90,000 total capacity (c.20%) is corporate seating.

New stadium developments can also open up completely new and lucrative revenue streams. Naming rights deals are now commonplace in new build stadia, significantly enhancing commercial revenue. Clubs can offset on-pitch performance through multiple uses of the stadium, and have incorporated a range of offerings including conventions, concerts, exhibitions and office space. The desired objective is to turn the stadium from a 20-30 event day arena to an asset generating income seven days a week for 365 days a year. Arsenal and FC Copenhagen are two examples of clubs which have used the redevelopments as stepping stones into new markets. Arsenal have, probably temporarily, diversified into property development while FC Copenhagen's football business is now part of a broader leisure group offering concerts, conferencing and health clubs among other activities.

### Breaking new ground

Football has never been more popular, and for many clubs playing in front of capacity crowds further developments are high on their agenda. Over half of the current Money League top 20 participants are looking to complete stadium developments, while a number of clubs just outside this elite group have plans under consideration. The investment in new and improved stadia is expected to continue, with Italy having the greatest need in this area.

**Table 7: Money League clubs with stadium investment proposals under consideration**

Club	Last Money League entry	Type of development	Current capacity
AC Milan	2006/07	New/redevelopment	86,000
FC Barcelona	2006/07	Redevelopment	99,000
Chelsea	2006/07	New/redevelopment	42,000
Internazionale	2006/07	New/redevelopment	86,000
Juventus	2006/07	New stadium	67,000
Liverpool	2006/07	New stadium	45,000
Newcastle United	2006/07	Redevelopment	52,000
Olympique Lyonnais	2006/07	New stadium	41,000
Olympique de Marseille	2006/07	New stadium	60,000
AS Roma	2006/07	New/redevelopment	83,000
Tottenham Hotspur	2006/07	New/redevelopment	36,000
Valencia	2006/07	New stadium	53,000
Werder Bremen	2006/07	Redevelopment	43,000
Rangers	2005/06	Redevelopment	51,000
West Ham	2005/06	New stadium	35,000
Everton	2004/05	New stadium	41,000
SS Lazio	2004/05	New/redevelopment	83,000
Ajax	1996/97	Redevelopment	50,000

Key:  
 ① Capacity relates to Stadio Delle Alpi. The club are currently playing home matches at the 25,000 Stadio Olimpico di Torino.

Source: Club websites; press reports and Deloitte analysis.

**“Over half of the current Money League top 20 are looking to complete stadium developments, while a number of clubs bubbling under have plans under consideration. The investment in new and improved stadia is expected to continue.”**

The public sector is often willing to help finance the development or assist in planning. Nonetheless clubs will need to generate the remaining required substantial funds on their own, a potentially challenging task.

Methods of funding have differed significantly between clubs over recent years, from Manchester United's historically more conventional and internally financed developments to the more complicated public sale of asset-backed debt by Arsenal. Much of the 1990s development in the UK was triggered by the Taylor Report and funded in part by public monies and stock market flotations. The stock market has more recently provided funds to clubs like Olympique Lyonnais and Juventus. Securitisation of revenue streams – be they season tickets, corporate, or commercial revenues (such as naming rights) – has become more common, although clubs need to avoid ‘mortgaging’ all (or most) of the revenue upside from the development itself. At Liverpool the club itself was sold to new owners who could access the level of funding required.

As we enter a new and exciting period for clubs the implementation of proposed developments may have significant implications, both for the composition of the Money League top 20, especially in the lower reaches of the table and, as importantly, the individual club's placing within the League itself. We look forward to seeing the new and improved venues and their potential impact on both the clubs' revenues and subsequent make up of the Money League. ●

Fans, the team and the club should benefit hugely from improved facilities but the investment decision is the most significant a club will ever make and requires a vast amount of consideration, specifically around the four key aspects evident in more or less all developments: sourcing a suitable site, obtaining planning permission, securing funding, and – in our view often the most neglected of all considerations – a viable business plan focussed on maximising the return on investment from the development.

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