AMSA

Asset Management Study Association

An Analysis of Leveraged Buy-Outs In Football: The Manchester United

Private Equity Team – December 2022

Bartosz Kolodziej - Analyst

Daniel Pelaez - Analyst

Paolo Olcese - Analyst

Sergio Torres- Analyst

Thomas Vlasseman- Analyst

Ryan Rahadian- Analyst

Andres Torres Rodriguez – Head of Private Equity

Table of Contents:

1 Introduction: Leveraged Buyouts

1.1 What is a leveraged buyout?

A leveraged buyout (LBO) is a situation in which a person or organization purchases a company by taking on a significant amount of debt, using the assets of said company as collateral for the loan. Further, the loan will be repaid using future cash flows generated by the company being purchased. In addition, the purchaser has a controlling interest in the company as a result of the LBO. This means that the buyer will be able to create new objectives and restructure the company's management in order to accomplish them (BDC, n.d.).

Over the years, we have seen an increased use of LBOs in order to perform takeovers of football teams. The most notorious examples are Burnley's recent acquisition by ALK capital, which will be discussed in the next page, and the acquisition of Manchester United by the Glazer family, which will be the main focus of this report.

1.2 The Glazier Family's Acquisition of Manchester United

The takeover of Manchester United occurred in 2005, when the Glazer family acquired Manchester United for 796 million pounds through an LBO. Since 2005, the substantial increase in Manchester United's debt, the paying out of dividends, and the interest accompanying the loan have become a huge controversy.

Prior to this LBO, Manchester United had virtually no debt since its formation. However, after the LBO, 550 million pounds of debt were immediately injected into the club. This number continued to rise until its height in 2010, which amounted to 700 million pounds. Despite efforts to reduce it, the debt remains at 592 million pounds after 17 years since the takeover (Critchley, 2022). The pandemic's reduction in revenues obtained through fan attendance caused the Glazer management to use cash reserves in order to reduce the debt, which further fueled fan opposition. In addition, the club currently pays around 19 million pounds a year in interest payments, which is significantly higher than most football clubs worldwide (Critchley, 2022).

This debt and its associated interest payments had a huge impact on Manchester United's ability to compete for players in the market, which affected its in-game performance. This hindrance was thankfully offset through Sir Alex Ferguson's team management, which allowed the club to remain competitive through competition revenues. However, Manchester United has struggled with success since Ferguson's departure. This has fueled opposition to the Glazer management due to the 40 million pounds that exit the club on a yearly basis in order to finance interest payments and dividends. Many argue that with a debt-free model, this money would remain in the club and make Manchester United more competitive.

Thus, the current financial situation and continued protests serve to highlight the issues of LBOs in football. Many supporters are upset about the amount of cash flows exiting the club on a yearly basis for the sake of dividend and interest payments. In addition, the accumulation of debt serves to reduce the competitiveness of clubs in the market and reduce cash reserves, which could prove to be detrimental to a club's performance. Finally, the repayment of such a substantial amount of debt is delicate and complicated, which could prove to put the club's finances in a precarious situation.

2 Industry Overview

2.1 European Football – status, structure and financial health

The status of European football has changed significantly after the turn of the century, following seismic changes in the regulation of football club ownership and growth of social media. Over the past 15 years, European football clubs have emerged as attractive propositions for foreign investors looking to diversify their portfolios whilst dabbling their investments in the world's most popular and greatest sport.

The European football market is valued at €25.2 Billion as of 2019/20, with a projected CAGR of 3.8% between 2022 and 2027. These figures represent both past and future growth trends, as the total valuation of the industry has increased by almost 100% between the 2006/07 season and the present. Consequently, individual football clubs have also experienced a period of unprecedented growth over the past 2 decades. In 2011, Manchester United was the most valuable European football club, with an estimated worth $1.86 Billion. In 2020, more than 10 clubs exceed the $1.7 Billion mark, showing substantial growth and realising football clubs as institutions well worth an investment in.

When developing an understanding of the reasons behind the growth of the European football market, the structure and rewards reaped from competing in European competitions must be discussed. Through successes achieved in their respective national football leagues, teams are invited to participate in knockout competitions organised by UEFA, the European football governing body. The UEFA competitions entail teams from all around Europe, putting them up against one-another to compete for the status of becoming the best football team in Europe. As of 2021, the UEFA competition system consists of 3 different tiers, namely the Champions League, Europa League, and the UEFA Conference League (in order of prestige). This prestige is driven by a number of factors, namely the strength of the competition, viewing numbers, and prize money. The largest difference between the competitions is the revenue generation potential, which weighs heavily in favour of the Champions League, annually generating just over €2 Billion in distributable revenue. A more detailed comparison between the revenue generation potential can be seen below, showing results from the 2021/2022 football season.

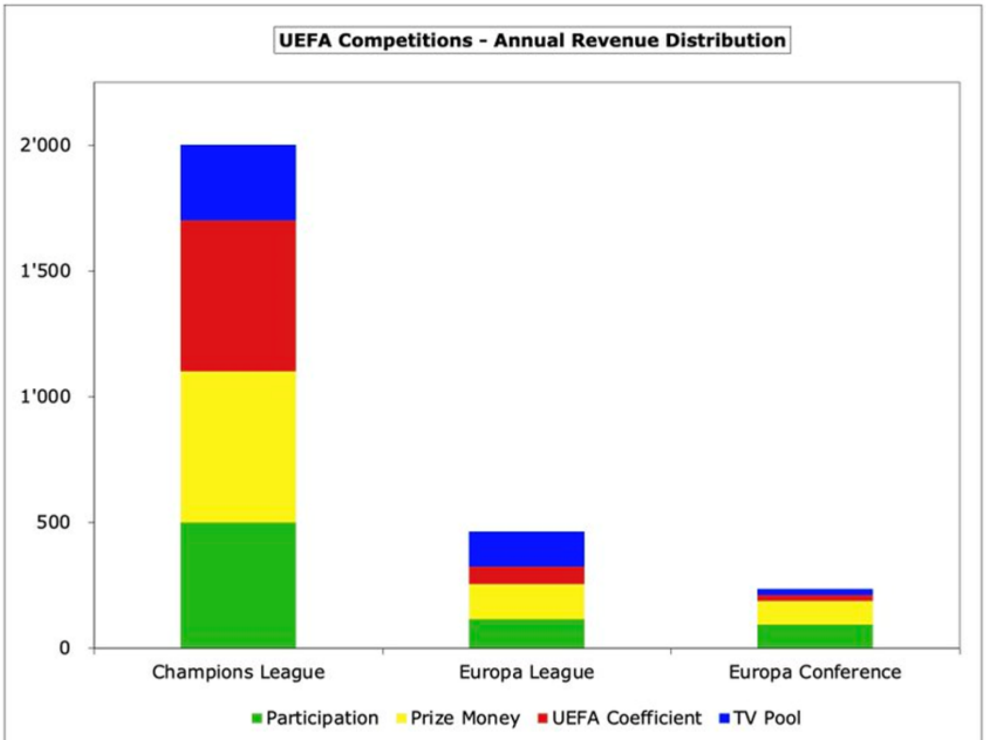

Figure 1 – Stacked bar graph showing the annual revenue distribution for the 3 UEFA competitions for the 2021/22 season

The difference is stark, and underlines the advantages possessed by football clubs who can consistently reach the main UEFA competition, with the largest difference seen in the distributable pay-outs from the UEFA Coefficient pool. But what does this translate to in a per-team basis?

As of the 2021/22 season, 32 teams compete in each of the 3 UEFA competitions, adding up to a total of 96 teams. The total participation numbers are higher, as each UEFA competition has qualification spots based on a qualifying system which preludes the main competition, with pre-existing tournament spots for these teams allocated.

In USD (million)/ %	UCL	UEL	UECL
Participation	15.64	3.63	2.94
Performance	69.5	19.8	12.6
Max	85.1	23.4	15.5
Participation / Max	18.3%	15.5%	18.9%

Table 1- Table showing the prize money distribution and key ratios for the 3 UEFA competitions in the 2021/22 season

As seen in Table 1 above, there is a large difference between the prize money of each of the tournaments, with the Champions League maximum nearly 4 times higher than that for the second most prestigious, the UEL. This disparity makes qualifying for the Champions League a must for any team attempting to compete at the very top, with the majority of the top 20 richest clubs in Europe qualifying for the competition on a year-to-year basis.

The use of the 'top 20' metric originates from the Deloitte 'Money League', which ranks the top 20 clubs according to the size of their revenues. During the 2020/21 season, the 'Money League' clubs generated €8 Billion in revenue, most of which came from broadcasting sources which made up 56% of the total. A graphic showing the revenue generation sources for the Money Clubs between 2016/17 and 2020/21 can be seen on the next oage.

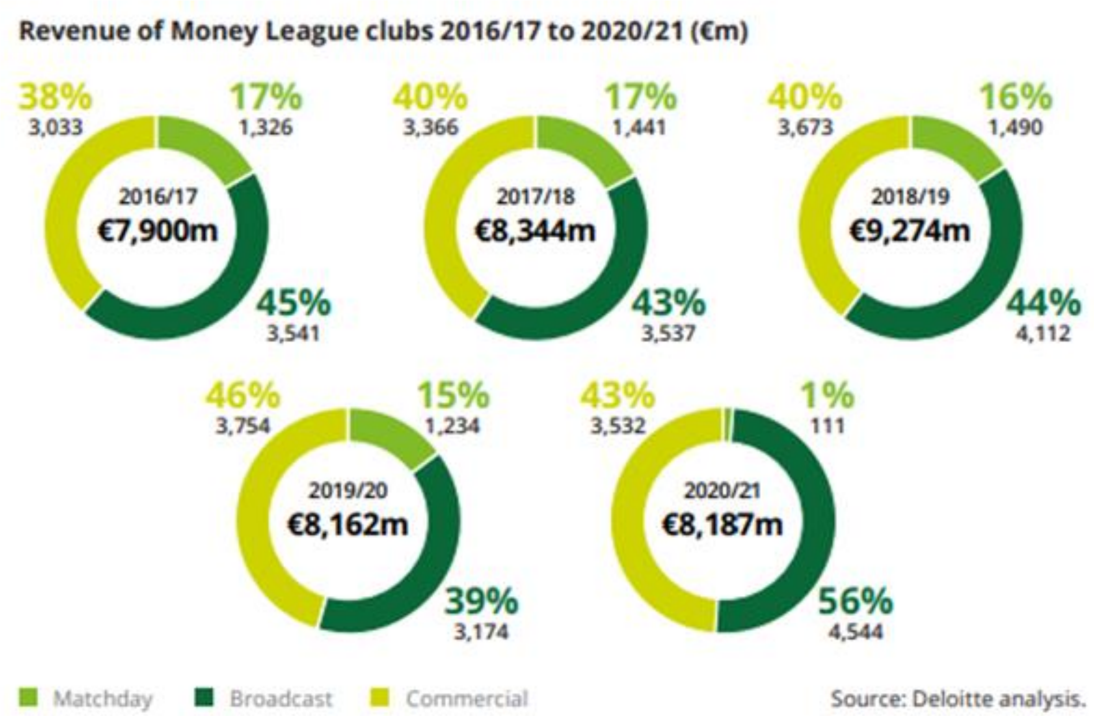

Figure 2 – Visualisation showing the sources of revenue for Deloitte's 'Money League' clubs between the 2016/17 and 2020/21 seasons.

The analysis conducted by Deloitte in 2020/21 saw a significant decrease in matchday revenue generation by the 20 members of the Money League, which can be attributed to the closure of stadiums following the emergence of the COVID-19 pandemic. Before pandemic-impacted times, the money league clubs saw a sharp 15% increase of their total revenues between 2016/17 and 2018/19. Noticeably, this growth was not driven by a single factor, but rather each one of the three components, underlining the attractiveness of football clubs as investment opportunities in recent times. In the latest version of the Deloitte 'Money League', Manchester United ranks 5th in the standings, having topped the first ever release back in 1996/97.

Lastly, the presence of monetary inequality within the European football sphere must be mentioned. According to a ranking performed by the 'Football Benchmark', which ranks European football clubs according to their Enterprise Value, only 4 out of the top 32 are not part of one of the 'Top 5 leagues', which alludes to the Spanish, English, French, Italian, and German football leagues. As a matter of fact, 10 of the 32 originate from England. Despite a slight decrease in the value distribution of the top 3 clubs in the standings between 2016 and 2022 (the top 3 made up

33% of the total EV of all the 32 clubs versus 24% in 2022), the domination of the very largest teams is evident, and hints at inequity when it comes to the distribution of revenue from European and national competitions. Naturally, as one of the largest football clubs in the world, Manchester United benefits from this inequality.

2.2 Premier League – a financial behemoth

On the domestic front, Manchester United competes in the highest tier of the English football pyramid, the Premier League. During the 2021/22 season, the Premier League generated a record $6.2 billion in revenue, eclipsing the second largest football league in Europe, the Spanish 'La Liga Santander', by almost 2 times. As of 2021/22, 56% of the revenue generated by the league comes from Broadcasting contracts, 30% comes from commercial and sponsorship agreements, and the remaining 14% from matchday revenues. The growth of the total revenue generated by the Premier League can be seen in the graph below.

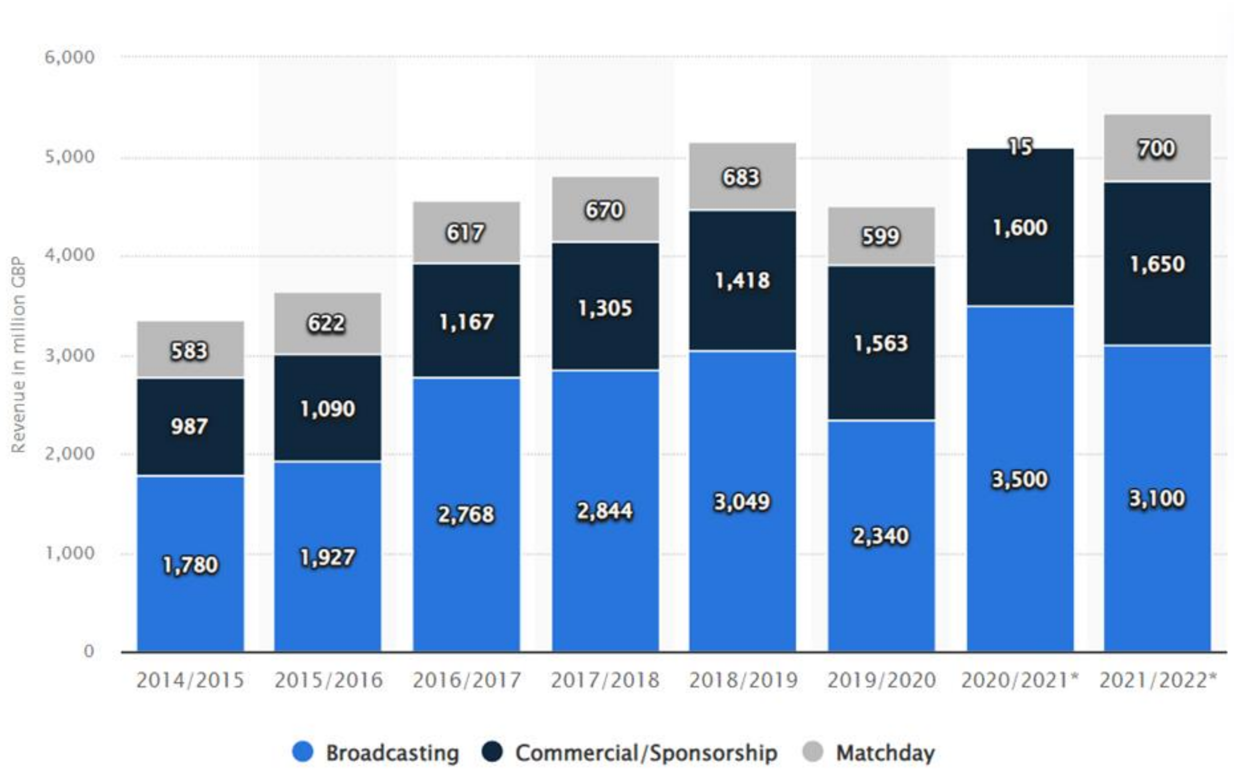

Figure 3 – Stacked bar graph showing the sources of revenue of the Premier League between the 2014/15 and 2021/22 season.

On a per team basis, the average revenue per club in the Premier League is projected to reach 302 million during the 2022/23 season, which sees a 2400% increase on the metric in the 1992/93 season, and even a 230% increase in the metric over the past 10 years alone.

Evident on the previous graph, a significant portion of the revenue originates from the broadcasting portion. This revenue consists of both a domestic and foreign TV deal, with a number of different broadcasters in the UK and in the outside world eager for the ability to stream the Premier League. At ‘home’, both Sky and Bein Sports own the streaming rights for the league, in a deal reaching 5 billion pounds between 2022 and 2025. For the first time in history, the foreign broadcasting deal exceeds the domestic one in size, with an approximated value of 5.05 billion pounds for the same time frame, with the most lucrative contribution originating from the USA broadcasting rights contract between the Premier League and the NBC, which has already sparked interest in ‘soccer’ throughout the United States.

As a result of these successful TV deals, viewership numbers for the Premier League have increased significantly over the past 15 years. Data complied for the 2019/20 season suggest that over 3.2 billion people around the world watched Premier League matches in over 850 million homes. Premier League teams account for a total of close to 1 billion followers on social media, determining the interest in the league to be extremely high. This drive in viewership and popularity is again American based, where in the 2021/22 season alone viewership numbers increased by 21%, underlining the maturity of the sport in one of the largest viewership markets in the entire world.

2.3 Similar Leveraged Buy-Outs In Football

Example: Burnley Takeover by ALK Capital

A similar situation to the Manchester United LBO can be observed in the takeover of Burnley by ALK capital in December 2020. In this situation, ALK capital purchased the club through a leveraged takeover that used a substantial loan from MSD Holdings and the club’s own money.

The main issues surrounding this situation were based around the size of the loan and the subsequent implications to pay it back. The loan had a significant size of 65 million pounds which would have to be paid back in December 2025. However, Burnley had to remain in the Premier League after the 2021/2022 season in order for this agreement to hold up (Jones and Slater, 2022). Unfortunately, the club did not manage to stay in the Premier League, which triggered an early repayment clause for the loan. This early repayment clause left Burnley without the 42 million pounds that the club received as a parachute payment for the championship (Hughes, 2022). Adding on to this financial plight, the relegation meant that the club would be left without an expected 55 million pounds in television revenue (Jones and Slater, 2022). Evidently, this situation left Burnley in an extremely delicate and precarious financial situation. In fact, in order to deal with this financial shortfall, Burnley was forced to sell key players, such as Nathan Collins and Nick Pope, in order to raise revenue to make up for the losses in debt repayment and television revenue. The downside to raising revenue through the selling of key players is that the squad becomes significantly weakened, which could prove to be an issue in previous seasons. In addition, Burnley was forced to make wage cuts and trigger relegation release cuts in order to further slow down this financial hit.

This financial situation serves to demonstrate the risks of leveraged buy-outs. As a result of repayment clauses, Burnley's relegation has hit the club exponentially harder than it would have without the loan hanging over the club's head. In addition, the club will possibly have to borrow further, which will continue to increase the significant debt held by the club at the moment. This increased borrowing could prove to be detrimental to the club's financial situation if Burnley is not able to raise enough revenue to repay its loans on time.

3 Financial Analysis

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue (Commercial, Broa	363189	433164	395178	515345	581204	589758	627122	509041	494117	583201
Total Operating Expenses	-310337	-372240	-387179	-436709	-511315	-564006	-602936	-522204	-538424	-692520
Depreciation	-7769	-8665	-10324	-10079	-10228	-10755	-12850	-18543	-14959	-14314
Amortization	-41714	-55290	-99687	-88009	-124434	-138380	-129154	-126756	-124398	-151462
EBITDA	102335	124879	118010	176724	204551	174887	166190	132136	95050	56457

Revenue:

Manchester United FC clearly stated in their 2022 Annual report that they are dependent upon the performance and popularity of their men's team. Furthermore, the significant sources of their revenue have been the result of historically strong performances in English domestic and European competitions, specifically the Premier League, the FA Cup, the EFL Cup, the Champions League and the Europa League. The revenue for Manchester United FC consists of three components: Commercial Revenue, Broadcasting Revenue and Matchday Revenue.

Commercial revenue for each of these years ended on June 30 2022, 2021, 2020 and so on. It plays a significant role, as it represents roughly 50% of total revenue throughout the years. The substantial majority of their commercial revenue is generated from commercial agreements with sponsors, and these agreements have finite terms. Therefore, it is very important for Manchester United FC to renew or replace these key commercial agreements on similar or better terms, to avoid a material reduction in our Commercial revenue. Such a reduction would have a domino effect on overall revenue and therefore affect the ability to continue to compete with the top football clubs in England and Europe.

Matchday revenue from supporters also plays a significant role in the overall revenue, in which a large portion of this comes from the ticket sales and other Matchday revenue for the men's first team matches at Old Trafford. As seen in the table, Matchday revenue for the years ended 30 June 2021 and 30 June 2020 was significantly impacted by the COVID-19 pandemic. For the year ended 30 June 2021, 33 of our 34 home matches were played behind closed doors, which means that fans are not allowed to physically attend these matches. For the year ended 30 June 2020, government-imposed restrictions from mid-March 2020 resulted in the deferral of a number of matches to the 2020/21 financial year, as well as all remaining matches being played behind closed doors.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Commercial Revenue	152441	189315	196931	268318	275471	275835	275093	279044	232205	257820
Broadcasting Revenue	101625	135746	107664	140440	194098	204137	241210	140203	254815	214847
Matchday Revenue	109123	108103	90583	106587	111635	109786	110819	89794	7097	110534

As mentioned previously, the performance and popularity of their men's team plays a very important role on the revenue streams, and can therefore affect all four of Manchester United FC's revenue streams, which are: (1) sponsorship revenue through sponsorship relationships, (2) retail, merchandising, apparel & product licensing revenue through product sales, (3) Broadcasting revenue through the frequency of appearances, performance based share of league broadcasting revenue, Champions League/Europa League/Europa Conference League distributions and MUTV distribution through linear and digital platforms; and (4) matchday revenue through ticket sales.

Debt:

As of 30 June 2022, Manchester United FC had a total debt of £636.1 million, and it is understood by the club itself that this indebtedness increases the risk of not being able to generate cash sufficient to pay amounts due in respect of our indebtedness. It could also restrict their ability to pursue their business strategies. The following examples from the 2022 Annual report include: (1) limiting the ability to pay dividends; (2) increases vulnerability to general adverse economic and industry conditions; (3) requiring to dedicate a material portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund the hiring and retention of players and coaching staff, working capital, capital expenditures and other general corporate purposes; (4) limiting the flexibility in planning for, or reacting to, changes in our business and the football industry; (5) affecting the ability to compete for players and coaching staff; and (6) limiting the ability to borrow additional funds.

Over the past 10 years, the debt-to-equity ratio has been increasing, with the highest ratio of 9.15 occurring in 2022.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Liabilities	670351	717061	823670	993621	1056657	118640	1081323	1032234	987798	1166157
Total Equity	447960	498650	477918	458282	477617	427104	415202	351232	272512	127508
D/E Ratio	1.49645281	1.43800461	1.72345465	2.1681432	2.21235216	0.27777778	2.60432994	2.93889509	3.62478717	9.14575556

All this data can be found in Table 1 (See Appendix)

4 Expansion Strategy

Even though recent news have mentioned the intention of the Glazers to sell the club on, we have developed four strategies to expand Manchester United. This will support the reduction of debt, increase in profitability, and help expand important business processes. This will ultimately restore trust from the fans and investors that the Glazers family are making a conscious effort to improve Manchester United.

4. 1 Expansion of Sponsors

Manchester United is in a good place to continue securing sponsorships from prestigious companies. In the past, they have taken a proactive approach to finding, obtaining, and assisting sponsors. In the 2019 fiscal year, Manchester United announced extensions to five global and three regional partnerships, the replacement of one global partnership, the conversion of one regional sponsorship to a worldwide partnership, and the announcement of eight new regional and global sponsorship relationships.

4. 2 Further Develop Retail, Merchandising, Apparel&Product Licensing Business

With regards to Manchester United's global technical sponsorship and dual-brand licensing rights, they now have a 10-year arrangement with adidas that started on 1 August 2015. The rights to establish and manage soccer schools, physical retail channels, and e-commerce retail channels under the Manchester United brand are not covered by the deal with adidas. Neither are the rights to mono-branded licensing. To increase the variety of products available to Man U followers, the Manchester organization should make investments to grow the portfolio of product licensees. Furthermore, they should also try to segment this business's various components more precisely. Additionally, Manchester United can intensify their efforts to advance these rights more proactively, either by themselves or with other partners. Thus, they should exploit their current sponsorship deals and seek other possibilities to increase Manchester United's product offering to the fans.

4.3 Exploit new media and content opportunities

Manchester United has a number of chances for expansion and new revenue streams as a result of the quick transition in media consumption toward online, mobile, and social media platforms. They anticipate that our social media platforms, mobile apps, and digital media platforms will increasingly be how we interact and conduct business with our global following. The media team's capacity to take advantage of these opportunities is still being developed. Since 2013, the club has been the sole owners of MUTV, ensuring that they have more control over its creation, distribution, and the caliber of our original content as well as better knowledge of how to develop the digital media strategy as they continue to create and introduce carefully crafted new goods and services. In the 2016–17 season, the club created and released a D2C subscription mobile application for iOS, Android, and MUTV.com, allowing the fans to watch live matches from our academy teams and men's first team tour as well as specially produced original productions and player and team management interviews. For the first time in the UK and Ireland, fans may watch the MUTV channel through their web browser without a cable or satellite subscription thanks to this application, which has allowed us to directly access new outside areas. In July 2018, the club released MUTV applications on 'connected TV' platforms, specifically AppleTV, Roku, Amazon Fire, and Xbox. This was done in response to the successful D2C launch of MUTV and expanding on the widespread success of the linear distribution. As a result, Manchester United fans’ may now watch MUTV without a cable subscription in the convenience of their living rooms. With its ongoing growth, MUTV will have access to a new segment of the club's fan base. According to recent data, millennials (18 to 34 years old) use connected TV the most. This trend shows that younger consumers are increasingly choosing OTT platforms and services over traditional linear television to access programmes. The club has also made updates to www.manutd.com in May 2018. For the fans to browse the club’s content, the new website offers a cleaner style. With additional e-commerce prospects and more digital inventory for Manchester United’s business partners to take advantage of, the club thinks the new website also offers commercial benefits for the company. Prior to the start of the 2018–19 season, the club released the first global, free mobile application. In addition to the advantages of the new website outlined above, the club thinks that this mobile application will broaden the distribution of our information. Since it first got released, the app has been the most downloaded app in the App Store’s sports category in 91 markets globally. Also, the club intends to develop its own digital properties by working with third-party companies and other social media to keep growing their fan base. However, this is still in the early stages.

4.4 Enhance reach and distribution of broadcasting rights

The Premier League, the Champions League, and other competitions puts Manchester United in a good position to profit from their rising value and expanding distribution. The Premier League announced in February 2018 that it had sold Sky Sports and BT Sport five out of seven UK live television rights packages for the three seasons beginning with the 2019–20 season, for a total transaction value of £4.5 billion over the three-year cycle. The Premier League also disclosed in June 2018 that it had sold the final two packages to BT Sport and Amazon Prime Video, two new competitors for the Premier League UK broadcasting rights. The total revenue from the sale of the seven bundles hasn't been made public. This follows the previous agreement, which was the largest UK TV rights agreement ever signed and represented an increase of more than 70% on the rights for the three seasons beginning with the 2013–14 season. Additionally, according to the Premier League, the overseas broadcasting rights negotiated for the three-year cycle beginning with the 2019–20 season represent a 30% increase over the prior three-year cycle. The Premier League also disclosed a modification to the procedure for allocating overseas television rights, effective with the 2019–20 campaign. The Premier League clubs have historically shared equally in the proceeds from international broadcasts. Clubs will continue to receive an equal part of an inflation-adjusted sum based on the preceding three-year cycle starting in 2019/20. Any additional sums will be given based on the league's final standing at the end of the season. The maximum and minimum payments a team can earn from the Premier League in a season are set at 1.8:1 under the new cycle. The most that the club in first place can get is 1.8 times what the team in twentieth place can get. The three-year media rights deal for the current UEFA club tournament, which started with the 2018–19 season, is worth €3.2 billion each season, an increase of 33% from the previous arrangement. These new contracts highlight the enduring demand for and appeal of live sports content in general and football in particular. Because live sports have unpredictable results, unlike other television programming, people watch sports programming in real time and in its entirety. This leads to larger viewership and increased interest from television broadcasters and marketers. Furthermore, Manchester United programming is distributed globally through MUTV, their worldwide broadcasting platform. By enhancing MUTV's production skills and content quality, Manchester United will be able to keep growing the network's distribution.

5 Conclusion

As we have detailed through our report, the emergence of LBOs in football have proven to carry with them significant risks that should be considered at the time of acquisition. As seen with the situation in Burnley Football Club, the use of loans entails repayment clauses which may prove to be detrimental to a company’s future. In the case of Burnley, relegation triggered an early repayment clause on the loan used to purchase the club, severely restricting Burnley’s available cash reserves to pay wages, acquire players, and remain competitive.

When looking at Manchester United’s financial report, Manchester United has been financially successful, with stable commercial, broadcasting and matchday revenue throughout the past decade (with 2021 being an exception due to the Covid 19 pandemic). However, the repayment clauses, interest payments, and dividends associated with the LBO cause a cash outflow which may reduce the team’s competitiveness. Furthermore, the substantial level of debt in the club can prove to be detrimental in the case of a financial shock. All in all, the financial situation at Manchester United after the LBO has proved to cause tensions between owners and fans. However, if Manchester United continue to create successful revenues, increase their profits, and implement one of the aforementioned expansion strategies, they will be able to steer clear of a situation such as Burnley F.C.’s.

6 References

BDC. (n.d.). *What is a leveraged buyout*. BDC.ca. Retrieved 7AD, from https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/templates-business-guides/glossary/leveraged-buyout

Critchley, M. (2022, August 17). *Debt is the road to ruin for Manchester United under the Glazer family*. SundayWorld.com. Retrieved from https://www.sundayworld.com/sport/soccer/debt-is-the-road-to-ruin-for-manchester-united-under-the-glazer-family/869398278.html

Deloitte. (2022, March 20). *Deloitte Fo=otball Money League 2022*. Deloitte United Kingdom. Retrieved November 20, 2022, from https://www2.deloitte.com/uk/en/pages/sports-business-group/articles/deloitte-football-money-league.html

Dixon, E. (2022, May 26). *Premier League viewership on NBC up 21% for 2021/22 season*. SportsPro. Retrieved November 20, 2022, from https://www.sportspromedia.com/news/premier-league-nbc-sports-2021-22-tv-viewership-audience/

Football Benchmark. (2022). *Football benchmark - home of Football Business Data*. Football Benchmark - Home of football business data. Retrieved November 20, 2022, from https://www.footballbenchmark.com/

Hughes , M. (2022, May 23). *Burnley's owners seek more loans to help the club cope with crippling debt after relegation*. Daily Mail Online. Retrieved from https://www.dailymail.co.uk/sport/football/article-10846869/Burnleys-owners-seek-loans-help-club-cope-crippling-debt-relegation.html

Jones, A., & Slater, M. (2022). *The £65m loan to buy burnley - and what it means if they go down*. The Athletic. Retrieved from https://theathletic.com/3293741/2022/05/05/65m-loan-buy-burnley-what-it-means-go-down/

The Football Index. (2021, October 21). *FOOTBALL TV AUDIENCE FIGURES – WHO IS THE PREMIER LEAGUE'S MOST WATCHED CLUB?* Premier League viewing figures. Retrieved November 20, 2022, from https://www.sportingindex.com/spread-betting-blog/premier-league-viewing-figures

Mailonline, C. W. F. (2022, January 17). *Premier League dominates Bundesliga, Ligue 1, La Liga and Serie A, attracting 3.2 billion TV viewers*. Daily Mail Online. Retrieved November 20, 2022, from https://www.dailymail.co.uk/sport/sportsnews/article-10409843/Premier-League-dominates-Bundesliga-Ligue-1-La-Liga-Serie-attracting-3-2-billion-TV-viewers.html

Staff (2017) *Business strategy*, *– Manchester United*. Available at: https://ir.manutd.com/company-information/business-strategy.aspx (Accessed: December 8, 2022).

Staff, T. A. (2022, June 26). *Premier League Overseas TV rights will top domestic rights for first time in next cycle*. The Athletic. Retrieved November 20, 2022, from https://theathletic.com/3511250/2022/02/10/premier-league-overseas-tv-rights-will-top-domestic-rights-for-first-time-in-next-cycle/

Statista. (2022, September 6). *Premier League: Revenue streams england 2022*. Statista. Retrieved November 20, 2022, from https://www.statista.com/statistics/874020/revenue-of-premier-league-football-clubs-by-stream/

7 Appendix

Table 1 - Financial Information

	Year ended 30 June				
	2022	2021	2020	2019	2018
Statement of profit or loss data:	(£'000, unless otherwise indicated)				
Revenue from contracts with customers(1)	583,201	494,117	509,041	627,122	589,758
Analyzed as:					
Commercial revenue	257,820	232,205	279,044	275,093	275,835
Broadcasting revenue	214,847	254,815	140,203	241,210	204,137
Matchday revenue	110,534	7,097	89,794	110,819	109,786
Operating expenses–before exceptional items	(667,828)	(538,424)	(522,204)	(583,337)	(562,089)
Analyzed as:					
Employee benefit expenses	(384,141)	(322,600)	(284,029)	(332,356)	(295,935)
Other operating expenses	(117,911)	(76,467)	(92,876)	(108,977)	(117,019)
Depreciation and impairment	(14,314)	(14,959)	(18,543)	(12,850)	(10,755)
Amortization	(151,462)	(124,398)	(126,756)	(129,154)	(138,380)
Operating expenses–exceptional items	(24,692)	—	—	(19,599)	(1,917)
Total operating expenses	(692,520)	(538,424)	(522,204)	(602,936)	(564,006)
Operating (loss)/profit before profit on disposal of intangible assets	(109,319)	(44,307)	(13,163)	24,186	25,752
Profit on disposal of intangible assets	21,935	7,381	18,384	25,799	18,119
Operating (loss)/profit	(87,384)	(36,926)	5,221	49,985	43,871
Finance costs	(85,915)	(36,411)	(27,391)	(25,470)	(24,233)
Finance income	23,676	49,310	1,352	2,961	6,195
Net finance (costs)/income	(62,239)	12,899	(26,039)	(22,509)	(18,038)
(Loss)/profit before income tax	(149,623)	(24,027)	(20,818)	27,476	25,833
Income tax credit/(expense)(2)	34,113	(68,189)	(2,415)	(8,595)	(63,462)
(Loss)/profit for the year(1)/(2)	(115,510)	(92,216)	(23,233)	18,881	(37,629)
Weighted average number of ordinary shares (thousands)	163,001	162,939	164,253	164,526	164,195
Diluted weighted average number of ordinary shares (thousands)(3)	163,001	162,939	164,253	164,666	164,195
Basic (loss)/earnings per share (pence)(1)/(2)	(70.86)	(56.60)	(14.14)	11.48	(22.92)
Diluted (loss)/earnings per share (pence)(1)/(2)/(3)	(70.86)	(56.60)	(14.14)	11.47	(22.92)

Other data:	Year ended 30 June 2022	2021	2020	2019	2018
	(£'000, unless otherwise indicated)				
Commercial revenue	257,820	232,205	279,044	275,093	275,835
Analyzed as:					
Sponsorship revenue	147,881	140,209	182,709	173,010	172,982
Retail, merchandising, apparel & products licensing revenue	109,939	91,996	96,335	102,083	102,853
Dividends declared per share ($)	0.27	0.09	0.18	0.18	0.18
Dividends declared per share (£ equivalent)	0.21	0.07	0.14	0.14	0.13

Balance sheet data:	As of 30 June 2022	2021	2020	2019	2018
	(£'000)				
Cash and cash equivalents	121,223	110,658	51,539	307,637	242,022
Total assets	1,293,665	1,260,310	1,383,466	1,496,525	1,545,744
Total liabilities	1,166,157	987,798	1,032,234	1,081,323	1,118,640
Total equity	127,508	272,512	351,232	415,202	427,104

	Year ended 30 June 2017	2016	2015	2014	2013
	(£'000, unless otherwise indicated)				
Income Statement Data:					
Revenue	581,204	515,345	395,178	433,164	363,189
Analyzed as:					
Commercial revenue	275,471	268,318	196,931	189,315	152,441
Broadcasting revenue	194,098	140,440	107,664	135,746	101,625
Matchday revenue	111,635	106,587	90,583	108,103	109,123
Operating expenses—before exceptional items	(516,068)	(421,574)	(384,843)	(367,056)	(304,120)
Analyzed as:					
Employee benefit expenses	(263,464)	(232,242)	(202,561)	(214,803)	(180,523)
Other operating expenses	(117,942)	(91,244)	(72,271)	(88,298)	(74,114)
Depreciation	(10,228)	(10,079)	(10,324)	(8,665)	(7,769)
Amortization	(124,434)	(88,009)	(99,687)	(55,290)	(41,714)
Operating expenses—exceptional items	4,753	(15,135)	(2,336)	(5,184)	(6,217)
Total operating expenses	(511,315)	(436,709)	(387,179)	(372,240)	(310,337)
Operating profit before profit/(loss) on disposal of intangible assets	69,889	78,636	7,999	60,924	52,852
Profit/(loss) on disposal of intangible assets	10,926	(9,786)	23,649	6,991	9,162
Operating profit	80,815	68,850	31,648	67,915	62,014
Finance costs	(25,013)	(20,459)	(35,419)	(27,668)	(72,082)
Finance income	736	442	204	256	1,275
Net finance costs	(24,277)	(20,017)	(35,215)	(27,412)	(70,807)
Profit/(loss) on ordinary activities before tax	56,538	48,833	(3,567)	40,503	(8,793)
Tax (expense)/credit	(17,361)	(12,462)	2,672	(16,668)	155,212
Profit/(loss) for the year	39,177	36,371	(895)	23,835	146,419
Attributable to:					
Owners of the parent	39,177	36,371	(895)	23,835	146,250
Non-controlling interest	—	—	—	—	169
Weighted average number of ordinary shares (thousands)	164,025	163,890	163,795	163,814	162,895
Diluted weighted average number of ordinary shares (thousands)(1)	164,448	164,319	163,795	163,893	162,895
Basic earnings/(loss) per share (pence)	23.88	22.19	(0.55)	14.55	89.78
Diluted earnings/(loss) per share (pence)(1)	23.82	22.13	(0.55)	14.54	89.78

	As of 30 June				
	2017	2016	2015	2014	2013
	(£'000, unless otherwise indicated)				
Balance Sheet Data:					
Cash and cash equivalents	290,267	229,194	155,752	66,365	94,433
Total assets	1,534,274	1,451,903	1,301,588	1,215,711	1,118,311
Total liabilities	1,056,657	993,621	823,670	717,061	670,351
Total equity	477,617	458,282	477,918	498,650	447,960
Equity attributable to owners of the parent	477,617	458,282	477,918	498,650	447,960

	Season				
	2017	2016	2015	2014	2013
Total Games Played:					
Premier League	38	38	38	38	38
European Games	15	12	—	10	8
Domestic Cups	10	9	6	6	8