

Highlights

Europe's premier leagues

- The European football market continued to show resistance to wider economic pressures, growing by 4% to €16.9 billion in 2010/11.
- The 'big five' leagues' revenues grew by 2% to €8.6 billion, with all but Ligue 1 experiencing growth. Broadcasting revenue was the main driver of growth (up 3%) and now stands at over €4.1 billion, followed by commercial revenue up 5%, and partly offset by a 2% decrease in matchday revenue as clubs adapted pricing strategies to deal with the difficult economic environment.
- The Premier League remains by a distance the highest revenue generating league at €2.5 billion in 2010/11 and recorded the highest revenue growth of any of the 'big five' leagues in local currency of 12% (£241m). Further depreciation of Sterling against the Euro meant that the gap to the second highest revenue generating league, the Bundesliga, narrowed slightly to €769m.
- The Bundesliga's revenue grew 5% to €1,746m. Its clubs lead the way in terms of commercial revenue (€816m) and average attendance (42,100). The additional Champions League spot for Germany from 2012/13 and 50% uplift in domestic league broadcasting rights from 2013/14 will help continue the Bundesliga's impressive recent revenue growth and will secure its status as the Premier League's closest rival in revenue terms.
- La Liga revenues grew by 5% to €1,718m. This was again driven by Real Madrid and FC Barcelona, who achieved a combined €93m (11%) increase in revenue. The remaining 18 La Liga clubs suffered a cumulative decrease of €19m (2%). The top two clubs now generate 54% of total La Liga revenue.
- Serie A's revenues increased by 1% to €1,553m leaving it in fourth place of the 'big five' leagues. The return to collective selling of broadcasting rights delivered revenue growth, whilst the distribution model helped balance the revenue more evenly among clubs.
- Ligue 1's €32m (3%) drop in revenues to €1,040m was largely as a result of weaker Champions League performance by its clubs in 2010/11. Nonetheless, Ligue 1's revenue is now over €500m less than the fourth highest league, compared to a difference of only €32m 10 years ago. Its total revenues are now closer to Russia in sixth, than Italy in fourth. French clubs need to capitalise on the revenue opportunities through stadium developments being carried out for Euro 2016.
- Football's greatest business challenge remains cost control. The 'big five' leagues' wages increased by over €104m (2%) to exceed €5.6 billion in 2010/11. Encouragingly this was less than revenue growth and the overall wages/revenue ratio improved. Nonetheless, greater restraint will be required by some clubs in order to comply with UEFA financial fair play regulations.
- Whilst the Premier League has the highest wage costs at €1,771m in 2010/11 (over €600m higher than the next league). Serie A and Ligue 1 have the highest wages to revenue ratios, both at 75%.
- The Premier League and the Bundesliga were the only 'big five' leagues to achieve operating profits in 2010/11. The Bundesliga (€171m) substantially increased the gap over the Premier League (€75m). Losses in Ligue 1 decreased marginally to €97m.
- Russia (€614m), Turkey (€515m) and the Netherlands (€431m) are the clear next biggest top tier revenue generating leagues. England's Football League Championship is the world's highest revenue generating second tier league, with revenues of €468m.
- In contrast to the majority of the 'big five' leagues, commercial revenue is the largest contributor to the majority of non 'big five' leagues' revenues. The Russian club model is particularly driven by commercial contributions, with Turkey having a much higher broadcasting value (44% of total).

Revenue and profitability

- Total revenues of the 92 top professional clubs in English football grew by 9% to £2.9 billion in 2010/11.
- Premier League clubs' revenues increased by 12% to £2.3 billion, driven by further increases in broadcasting revenue (13%) and impressive growth in commercial revenues (18%).
- Growth in broadcast revenue was primarily due to the higher Premier League distributions following a more than doubling of the amount generated from the sale of overseas broadcast rights, a testament to the Premier League's global popularity. Premier League clubs' broadcasting revenue increased to £1,178m in 2010/11, with a staggering compound annual growth rate of 26% since 1991/92.
- The majority of the £83m increase in Premier League clubs' commercial revenues was driven by the two Manchester clubs and Liverpool. Clubs with stronger global profiles and interest earned significantly more than UK or regionally focused clubs who found market conditions more challenging.
- Total matchday revenue generated by Premier League clubs increased by £20m (4%) to £551m. However, almost half the clubs had a reduction in matchday revenues in 2010/11. The modest increase resulted in matchday revenue becoming the smallest of the three revenue categories for the first time since the start of the Premier League.
- Premier League clubs' operating profits (£68m) reduced to the lowest level since 1999/2000, when revenue was around a third of the amount generated in 2010/11. Operating margins are now 3%, down from 16% in the Premier League's inaugural season.
- This aggregated operating figure hides some very contrasting results. Manchester City set a new Premier League record with an £82m loss, whilst their rivals, Manchester United, generated an operating profit greater than £100m for the first time.
- Premier League pre-tax losses reduced marginally to £380m in 2010/11 but are still in need of urgent attention. Only eight clubs recorded pre-tax profits, an improvement from four in 2009/10.
- Championship clubs' aggregate revenues increased by £17m (4%) to £423m driven by an increase in the solidarity payments made to Championship clubs, but many experienced reductions in matchday and commercial revenue.
- Championship clubs recorded an aggregate operating loss of £130m in 2010/11, only a 1% (£1m) improvement on the record loss recorded in the previous year. Only four Championship clubs made an operating profit. As in 2009/10, 11 clubs lost at least £5m at an operating level and only three clubs reported pre-tax profits.
- The Football League and its member Championship clubs have chosen to implement 'financial fair play' regulations with sanctions to be implemented for the first time in respect of the results for the 2013/14 season. It is hoped that these new regulations will reduce clubs' over-spending, and achieve an improved balance between revenue and costs.
- The top 92 clubs paid almost £1.2 billion in tax in 2010/11, up more than 20% on the previous season, in part due to the first full year of the 50% income tax rate. This significant contribution is often overshadowed by the negative coverage generated by high profile tax investigations into football club finances.
- Measures continue to be introduced both within the English game and by UEFA to help clubs achieve a better balance between revenues and costs. Given the high levels of revenue clubs generate and the times of austerity they operate in, if they are unable to control their costs accordingly to meet competition regulations, they are unlikely to receive any sympathy from others within or outside football.

Wages and transfers

- Total wages across the Premier League rose by £201m (14%), equivalent to over 80% of the £241m increase in revenue, to almost £1.6 billion. As a result, the league's wages/revenue ratio reached an all time high of 70%, having been as low as 59% in 2004/05.
- The wages increase was driven by the clubs that finished in the top six positions in 2010/11 and

Aston Villa (between them £145m increase). The remaining clubs present in the Premier League in both 2009/10 and 2010/11 had more modest average increases of 8%. Every Premier League club increased their wages.

- For the eighth consecutive season Chelsea (£191m) had the highest wages of any club in the Premier League, with Manchester City (£174m) next, £21m greater than the third highest spender Manchester United (£153m).
- 2010/11 exhibited a particularly strong correlation in the Premier League between league finishing position and a club's wage ranking, implying that, all other things being equal, spending more on wages translates to on-pitch success.
- Chelsea had the highest wage cost per league point of £2.7m for each of their 71 points, £0.8m per point higher than champions Manchester United. Blackpool had the lowest at £0.6m.
- Championship clubs' wages grew by 7% (£24m), which was less than their revenue growth of £17m, to £381m and resulted in the wages/revenue ratio returning to 90%. Around a third of clubs in the Championship have wage bills greater than their revenues and hence are heavily reliant on owner funding.
- The correlation between wage costs and league finishing position remains relatively weak in the Championship overall, again illustrating the highly competitive nature of the league.
- Players' wages across the top 92 professional clubs grew by 4% to exceed £1.4 billion. The average annual gross earnings for a Premier League player in 2010/11 was around £1.4m (equivalent to c.£26,000 per week).
- Total player costs (player wages and net transfers) across the top four divisions rose by 22% to record levels in excess of £1.9 billion in 2010/11, driven in large part by increased transfer spending and wages increase at clubs in the top half of the Premier League. Total player costs for the top 92 top professional clubs overall represented 66% of revenue.

- Gross transfer spending across the 92 top professional clubs increased to £830m (2009/10: £627m). Net transfer payments across the top four divisions totalled a record £485m, an increase of £291m compared with 2009/10, substantially exceeding the previous record of £277m in 2006/07.
- England remains a net importer of players, with £364m (net) leaving the English game to overseas clubs in transfer fees in 2010/11 (2009/10: £114m).
- Total agents fees paid by Premier League and Football League clubs were £89m, representing 11% of the top 92 clubs' gross transfer expenditure.
- For a third successive season, Manchester City reported over £100m in net transfer expenditure in 2009/10 (£141m). The next highest net spenders were Chelsea (£91m), Manchester United (£70m) and Liverpool (£57m).
- Seven Premier League clubs decreased their net expenditure year on year, emphasising the difference in spending habits and power between clubs in the division.

Stadium development and operations

- Capital expenditure by the top 92 professional clubs totalled £167m in 2010/11, the 14th successive season in which total spending has exceeded £150m.
- Over £3 billion has been invested by the clubs in stadia and facilities over the last 20 years. The spending encompasses in excess of 30 new stadia, numerous impressive stadia redevelopments and investment in state of art training facilities, which the advent of the Premier League's Elite Player Performance Plan ("EPPP") may accelerate further.
- The highest expenditure in 2010/11 was the £46m spent by Brighton & Hove Albion on their new stadium which opened in time for the 2011/12 season. The cumulative £98m expenditure in the three years pre opening is one of the largest single investments by any club in the last 20 years. The resulting 172% increase in attendances shows how powerful the 'new stadium effect' can be.

- Funding major new stadia remains challenging for clubs. Yet despite 2010/11 being the fifth successive year in which no new stadium projects were underway in the Premier League, the top 92 clubs have still invested £570m on stadium and associated facilities over this period, emphasising clubs' focus on improving their current venues to enhance the matchday experience.
- Clubs continue to respond to the challenges of attracting matchday fans with a variety of ticketing schemes including interest free season ticket payment plans, discounted youth season tickets and more variable pricing for matchday tickets. The average matchday revenue per attendee for Premier League clubs remained at £33.
- The four clubs who competed in the Champions League in 2010/11 generated almost 60% of the £548m in matchday revenue, demonstrating the high levels of ticket demand they enjoy and the higher ticket prices they can command.
- The average attendance for a Premier League match in 2011/12 dropped by 2% to 34,628 due to a mixture of a change in composition of the league and a slight decline in the 17 clubs that competed in both 2010/11 and 2011/12.
- Average capacity utilisation in the Premier League increased to 93% in 2011/12, the 15th consecutive season it has been above 90%.
- Total Football League attendances increased to 16.3m in 2011/12, at an average utilisation of 58%.
- The Championship is the fourth most watched league in Europe.
- Premier League clubs' net debt at summer 2011 includes £1.5 billion of interest-free 'soft loans' from owners (2010: £1 billion), mostly relating to Chelsea (£819m), Newcastle United (£277m) and Fulham (£200m). The majority of the interest-free debt funding from Roman Abramovich since 2003 has been passed down into the football club as equity investment.
- Sheikh Mansour's reported equity investment into Manchester City has climbed to over £800m in just four seasons, as part of the club's rapidly progressing transformation strategy in terms of both on-pitch and off-pitch investment.
- Skewed by the cash balances of Arsenal and Manchester United, the Premier League clubs have a positive cash position of £195m at summer 2011 (2010: net bank borrowings of £51m).
- Premier League clubs incurred net interest charges of £102m in 2010/11 (2009/10: £235m); a significant decrease on the previous year largely due to the reductions in net debt in respect of Manchester United (repayment of debt using proceeds of new equity from the owners) and Liverpool (balance sheet transformation following the change of ownership).
- At summer 2011 Premier League clubs had a carrying value of £1.9 billion of tangible fixed assets and £1.2 billion of player registrations on their balance sheets, reflective of the sustained level of investment by clubs in stadia and other facilities and playing talent.
- Championship clubs' net debt at summer 2011 of £0.7 billion (2010: £0.9 billion) was lower than the previous year largely due to the change in mix of clubs. Around two-thirds of the Championship clubs had net debt in excess of £10m.

Club financing

- Premier League clubs' net debt at summer 2011 of £2.4 billion is about £1 billion lower than at summer 2009 and the lowest level since 2006. This is due to the conversion of owner debt to equity at some clubs and the reduction of net bank borrowings reflecting tougher credit conditions. Whilst the overall level of net debt reduced, around half of the clubs increased their net debt over 2010/11 season.
- Below the top two divisions managing a club's financial position is a challenge from one season to the next. Legacy debt issues and the risks taken by some owners will, without correction, inevitably lead to sporadic insolvency cases in the seasons to come.

These highlights are extracted from the relevant sections of the Deloitte Annual Review of Football Finance (May 2012). The basis of the calculations are described in the relevant sections.