



Deloitte Finance Club
The community for Financial
Controllers and senior financial
executives

Wednesday, 16th September 2015



Deloitte Finance Club

A few facts

- Established in **May 1997** as the *Financial Controllers' Club*, and renamed **Deloitte Finance Club** in 2013
- Provides an **annual programme of technical updates and hot topic briefings**
- Connects our members to relevant experts as well as over **2,200 members** across the country

Deloitte Finance Club

Upcoming programme

- **Mobile payments to robotic processing: how technology is disrupting the finance function**
Wednesday, 14 October 2015 – 5:30pm-7:00pm (arrivals from 5pm)
- **Tax update and Working capital and cash flow management: the lost opportunity of unproductive cash**
Wednesday, 18 November 2015 – 5:30pm-7:00pm (arrivals from 5pm)
- **Holiday finance checklist 2015**
Wednesday, 9 December 2015 – 8:30am-10:30am (arrivals from 8am)

Deloitte Finance Club

Agenda

- **Economic update**

Debapratim De

- **The Annual Review of Football Finance**

Timothy Bridge

Economic update

Debapratim De



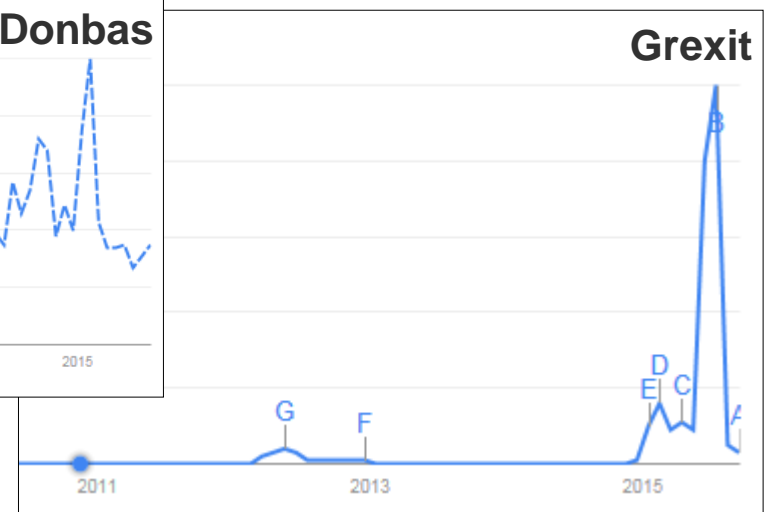
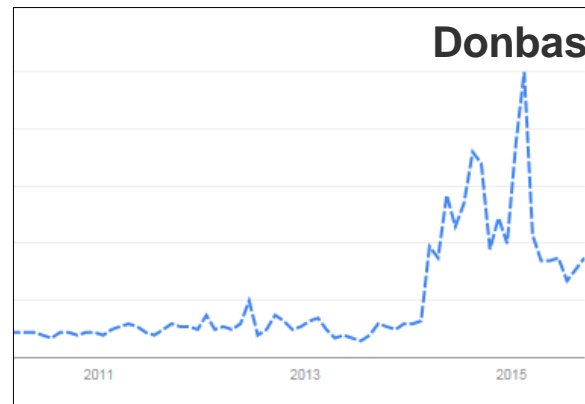
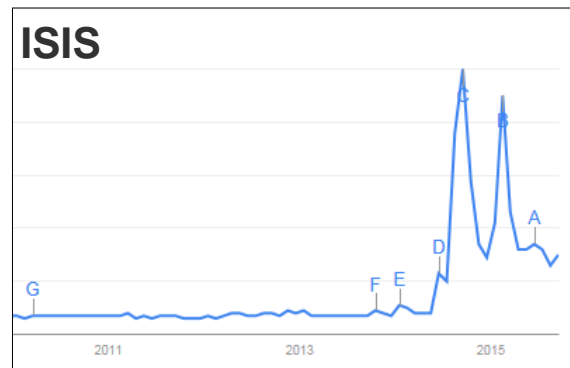
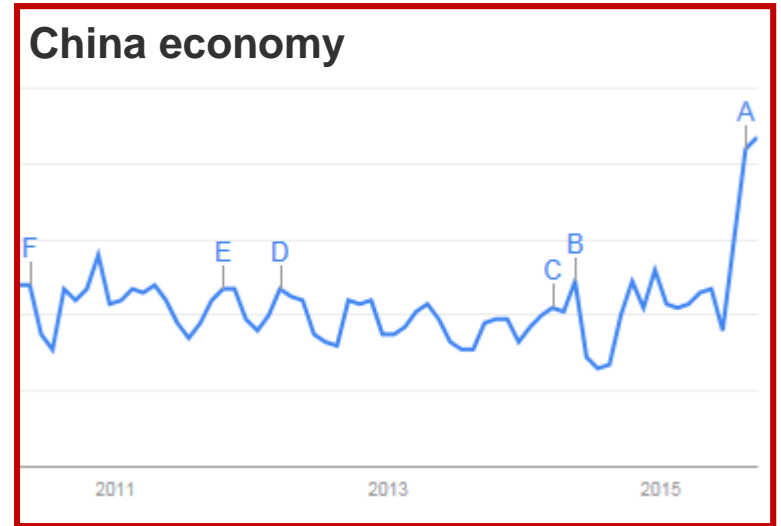
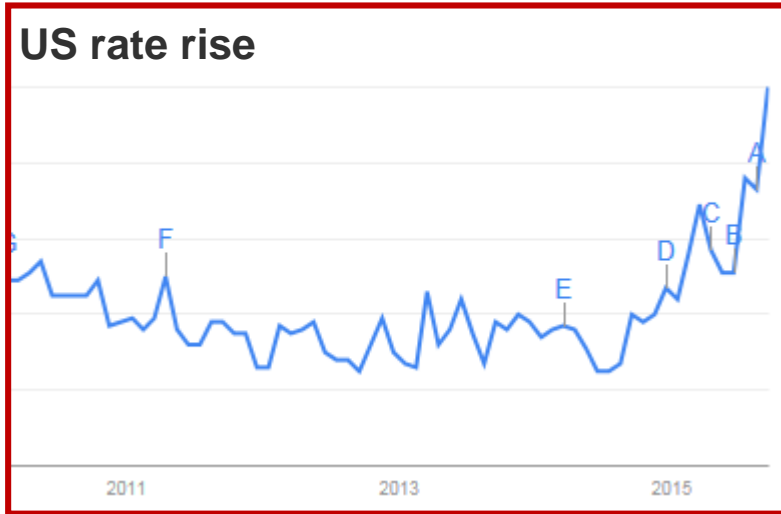
Post-crisis world growth slower

GDP growth: Actual and IMF forecasts

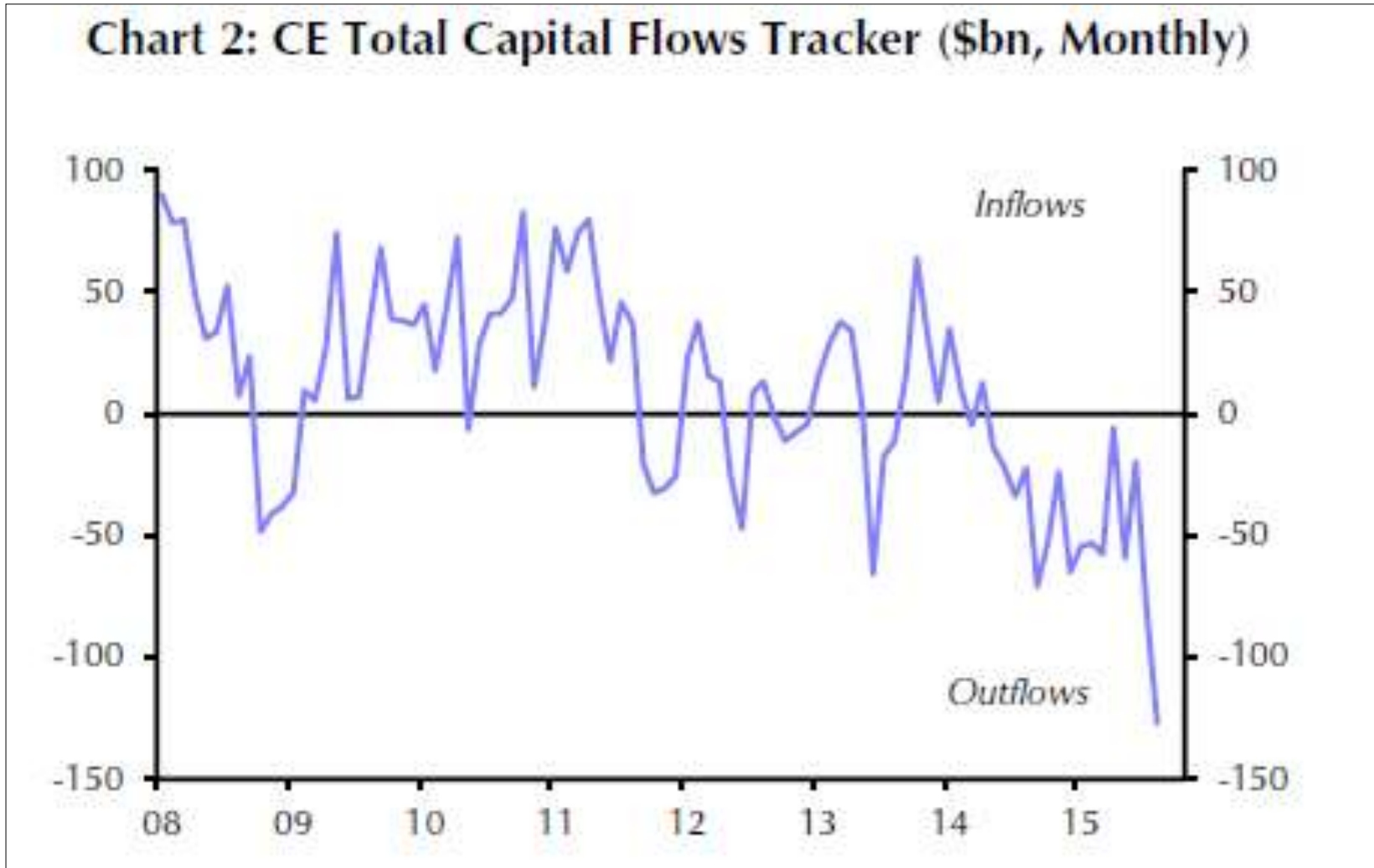
	Average/actual		Forecast		2015/16 as ratio of 00-07 avg.
	00-07	08-13	2015	2016	
World	4.5	3.3	3.5	3.8	77%
Advanced economies	2.7	0.8	2.4	2.4	89%
Emerging markets	6.6	5.3	4.3	4.7	65%

What's worrying us...

... and what's not



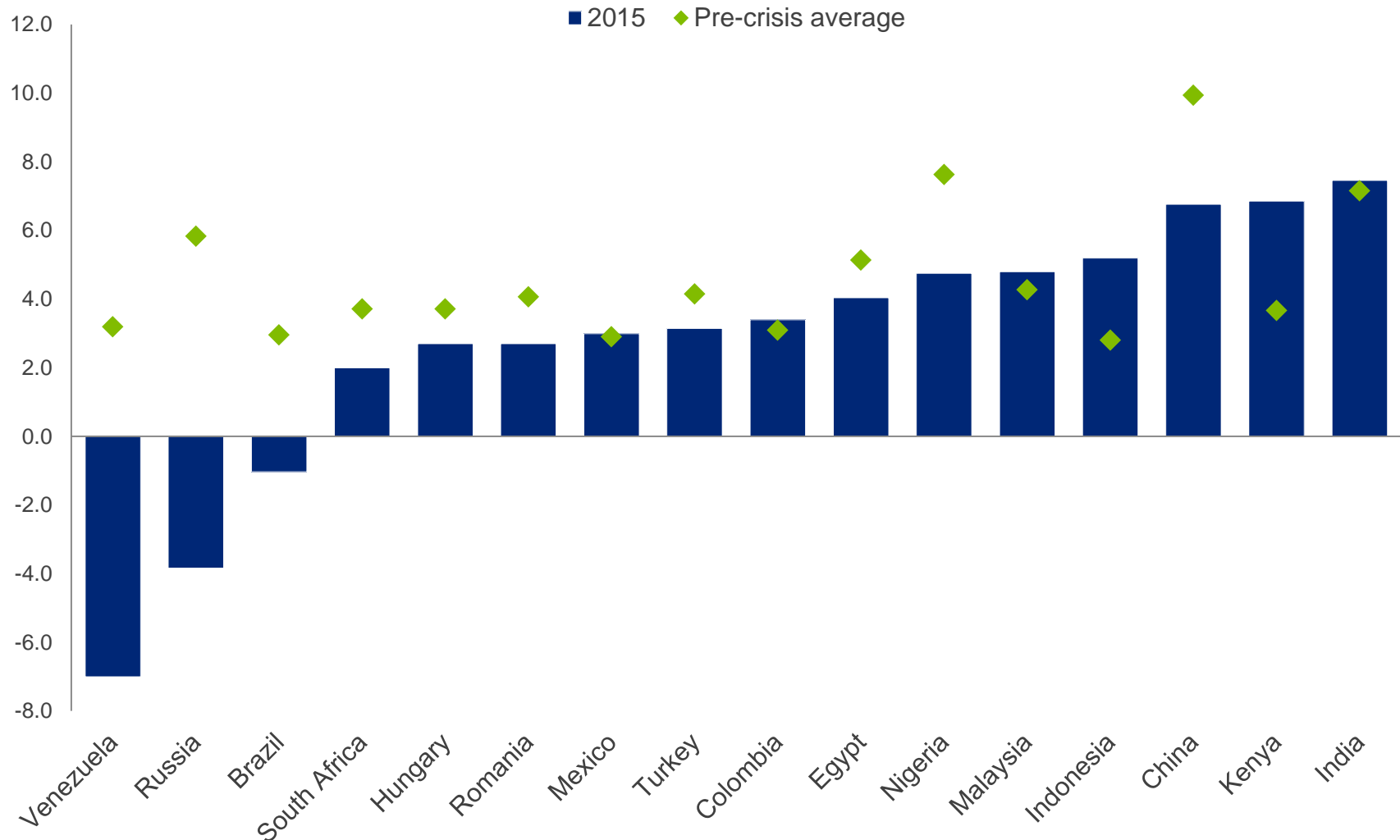
Emerging markets have replaced 'Grexit' as the key concern for policy makers



Source: Capital Economics

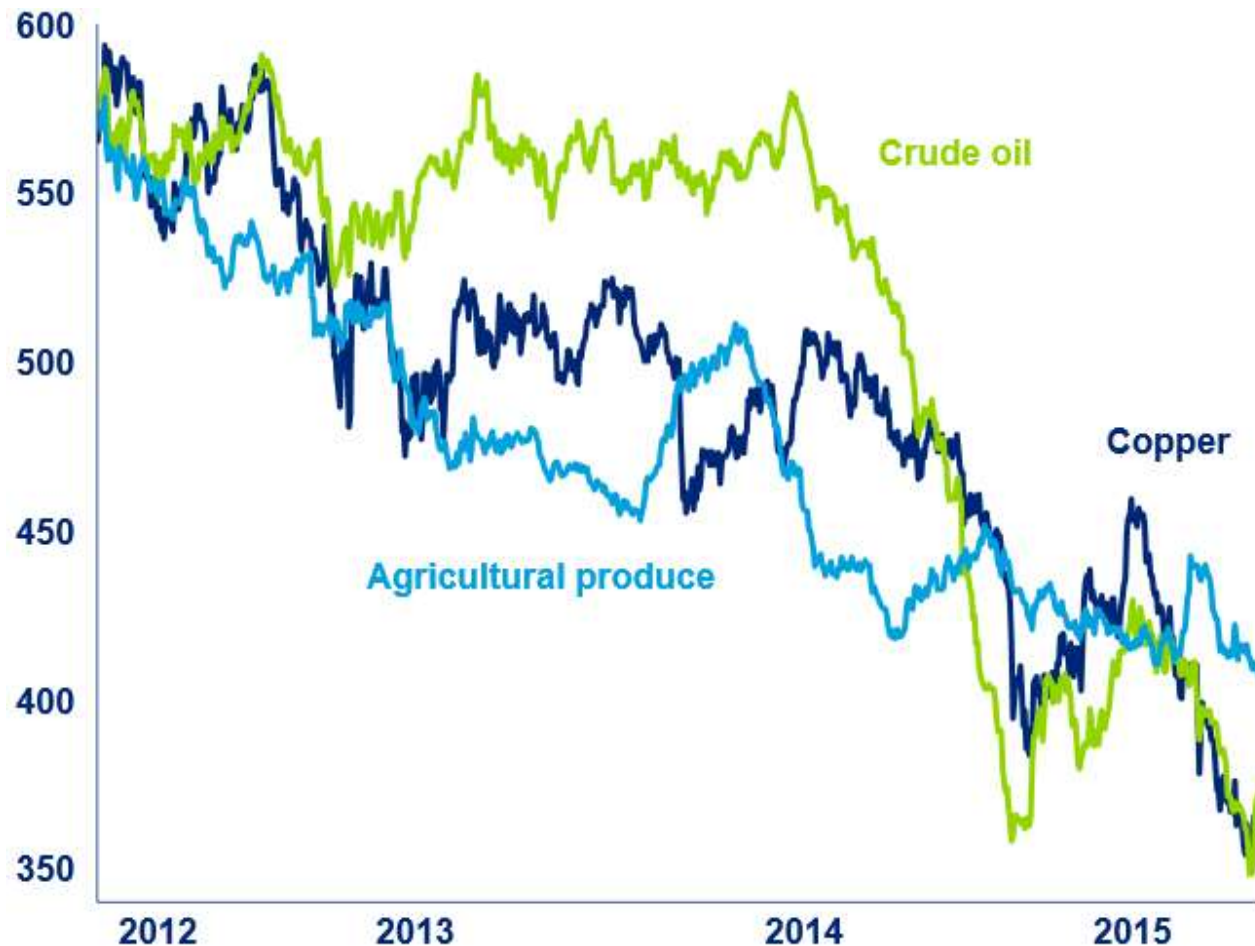
Sharp slowdown in some EM economies

Emerging market growth: average annual



Concerns over Chinese growth and a supply glut mean end of commodity supercycle

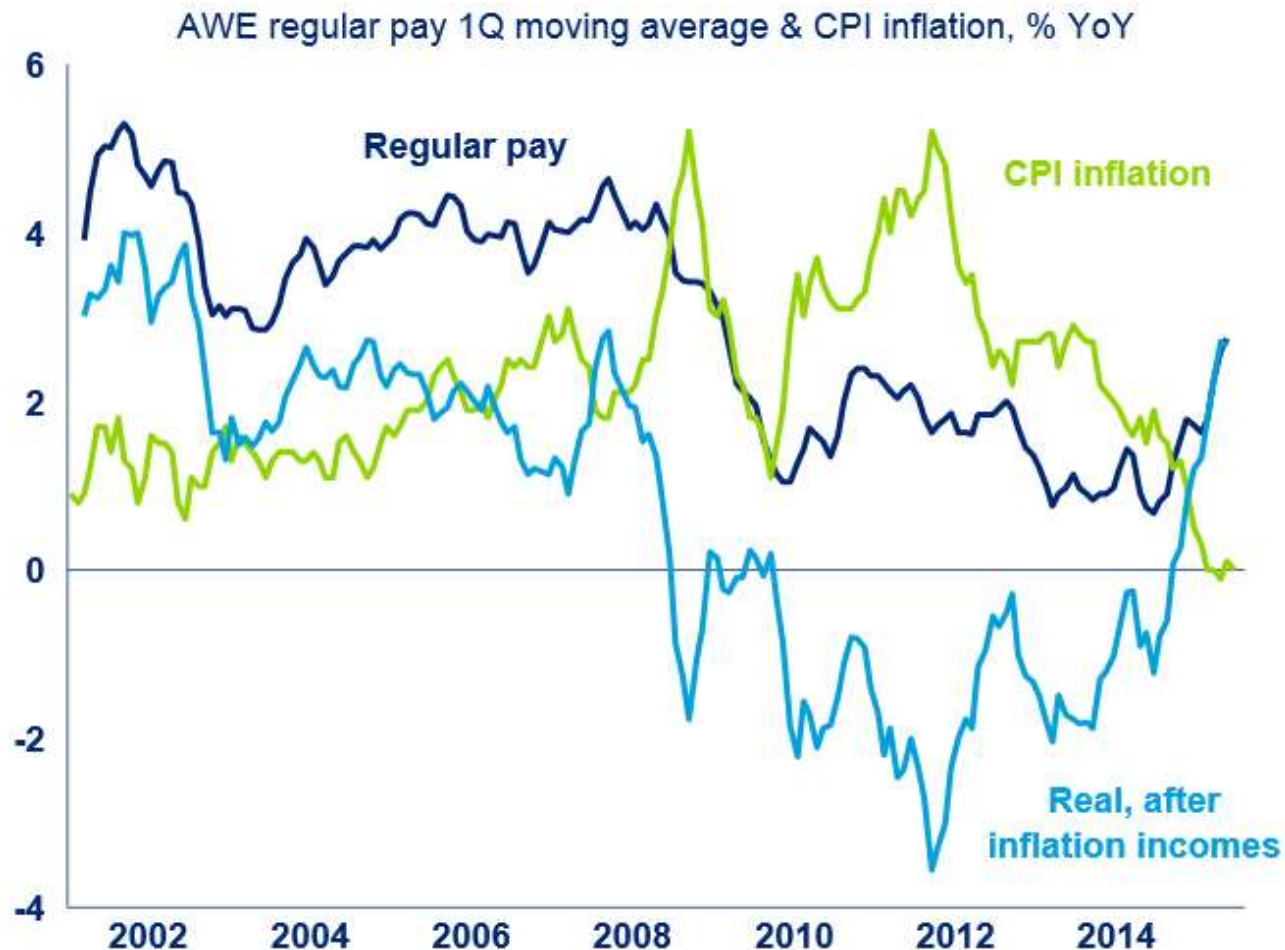
Crude oil, copper spot and agricultural spot prices



Source: Thomson Reuters Datastream

But... falling commodity prices good for real earnings growth

Average earnings and consumer prices annual growth rates



Source: Thomson Reuters Datastream

Core inflation on target for US, much lower for UK, Europe

Core inflation rates: US, Euro Area & UK, monthly YoY%



Source: Thomson Reuters Datastream

Markets expect slow, gradual rise in UK rates

UK market expectations for end-year 3m rate

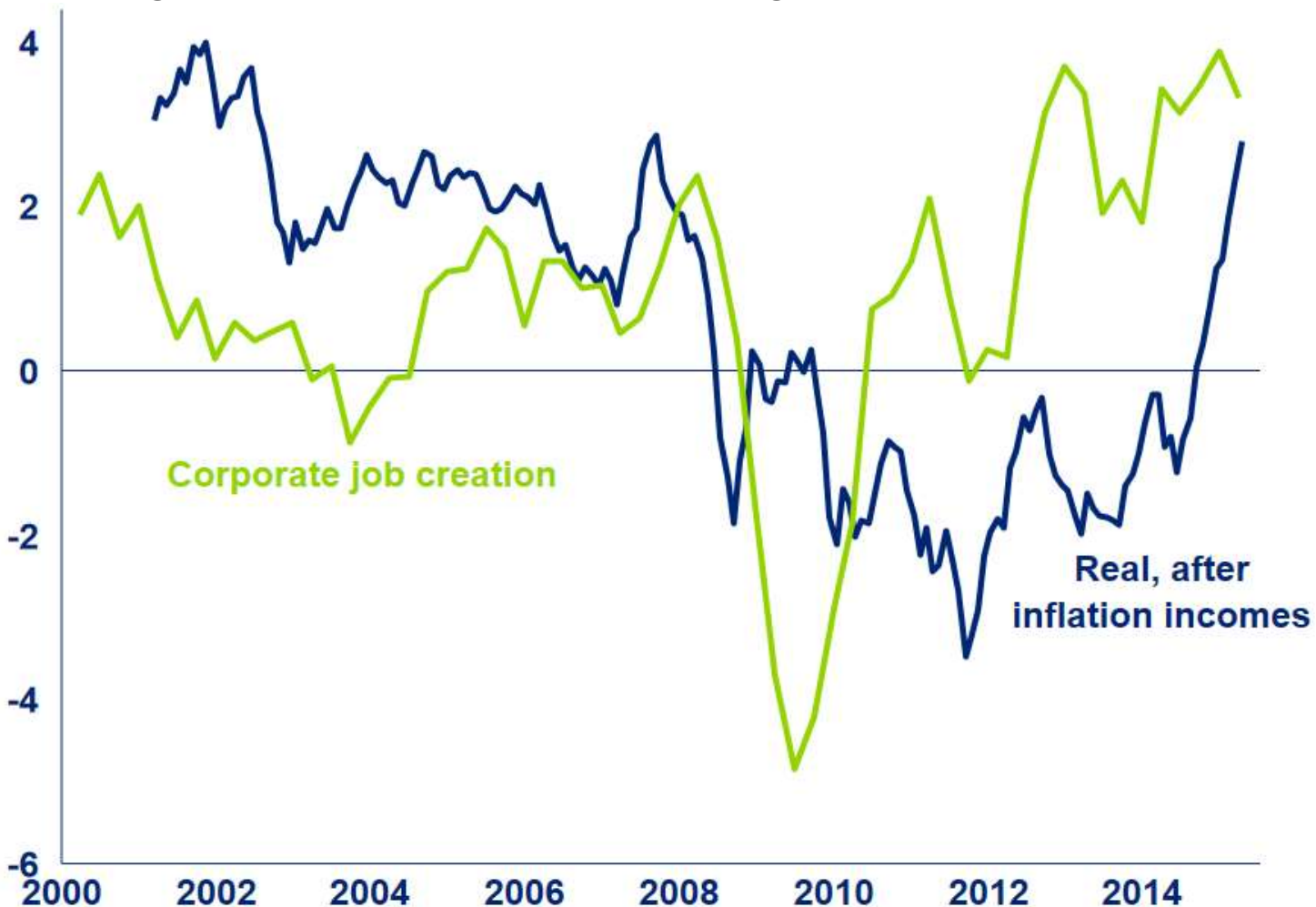


Source: Thomson Reuters Datastream

“Britain deserves a pay rise”

= Labour getting pricier

Average earnings and consumer prices annual growth rates



Increasing focus on efficiency gains

UK CBI Industrial Trends Survey: reasons for investment, raise efficiency



Brexit uncertainty to come

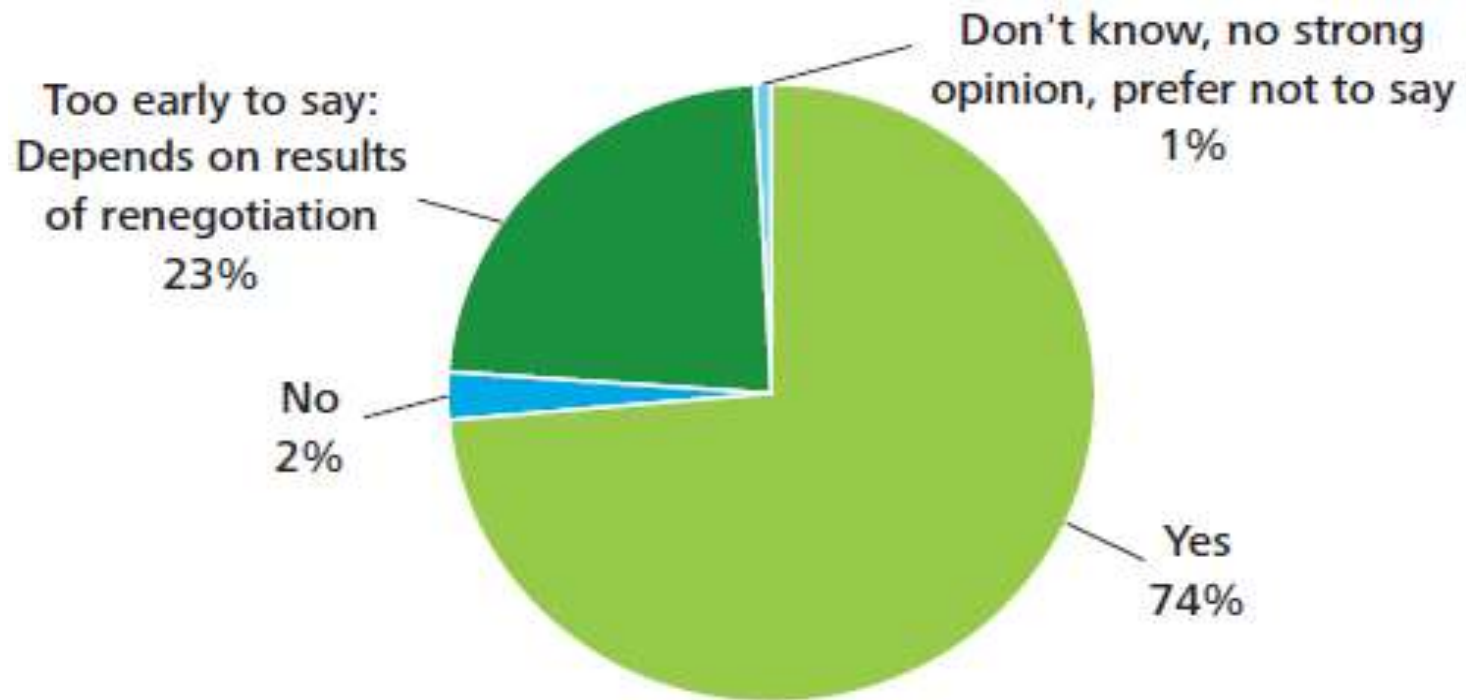
Opinion poll results

		Stay	Leave
Ipsos Mori	1977-2015 average	53%	47%
	Trough support for EU (June 1980)	26%	74%
	Peak support for EU (June 1991)	63%	27%
	Latest June 2015*	61% (Highest since 1991)	27%
	Survation Sept 2015*	49%	51%

Largest corporates favour EU

Favourability of EU membership

% of CFOs who gave the following responses when asked whether it is in the interests of UK businesses for the UK to remain a member of the EU



Political polarisation



The Sun

Very red, much wed, union led

EXCLUSIVE: Could this dangerous Marxist throwback actually be elec

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Scope for convergence at Camp David!



Economic update

Conclusions

- **Good news:** Deflation risks abated, US/UK rebound, wages, Grexit risks reduced
- **Bad news:** Emerging markets slowing, China risks up
- Continued, unspectacular global recovery
- Respectable UK & US growth
- Euro area has turned the corner
- **UK:** Low inflation => slow rate rises, if at all; tight labour market & politics => pricey labour era => more capex; productivity needs to offset wage growth

Discussion



Annual Review of Football Finance

Timothy Bridge



About the Deloitte Sports Business Group

The market leading advisers in the global sports business

- A unique team of specialists led by Dan Jones, dedicated to working in the global sports business.
- More work in football than in any other sport, where we assist investors, clubs, leagues and governing bodies.
- Unparalleled commercial, financial, governance, regulatory, taxation and general business knowledge from major sports.
- Regularly team with specialists in other member firms of Deloitte around the world.

Sample of recent football-related clients



www.deloitte.co.uk/sportsbusinessgroup

Our publications

The leading commentator on the business of football

Annual Review of Football Finance

- Just published the 24th edition
- Analysis of the commercial development of the game

Key areas

- Revenue generation
- Wage costs and transfer fees
- Club financing and investment
- European market context with a focus on English Premier League and Football League clubs
- Provides insight into future trends



The Deloitte Football Money League

- Published since 1998
- Ranking of the world's top 20 revenue generating clubs
- Revenue analysed by:
 - Matchday
 - Broadcast
 - Commercial

- Commentary on business issues facing the top European clubs
- Featured recently on BBC's Pointless



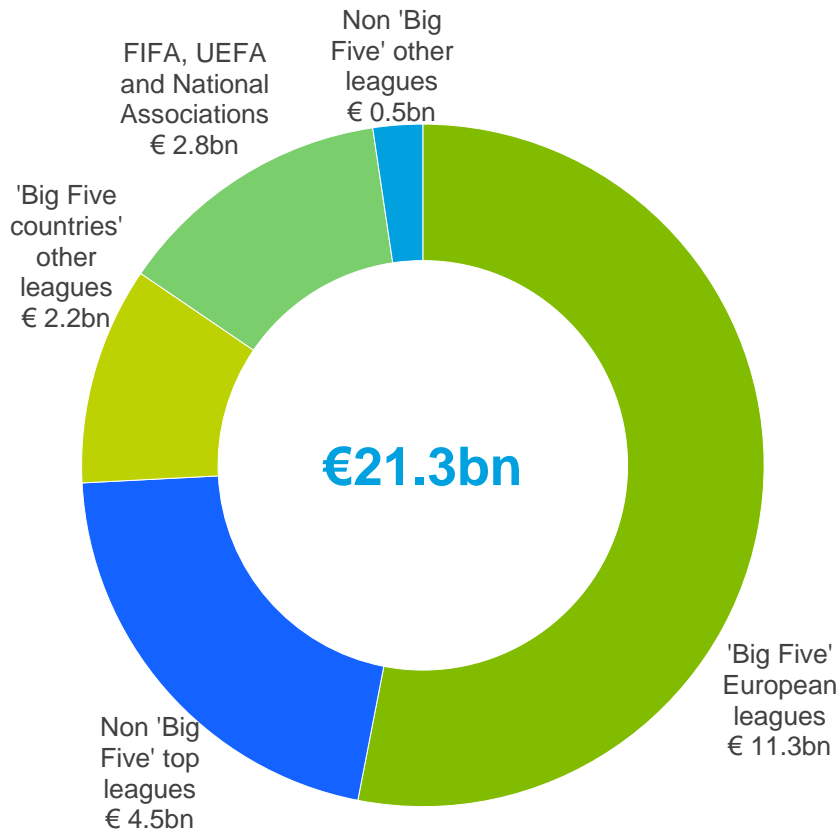
Europe



Annual Review of Football Finance 2015

European football market

European football market 2013/14

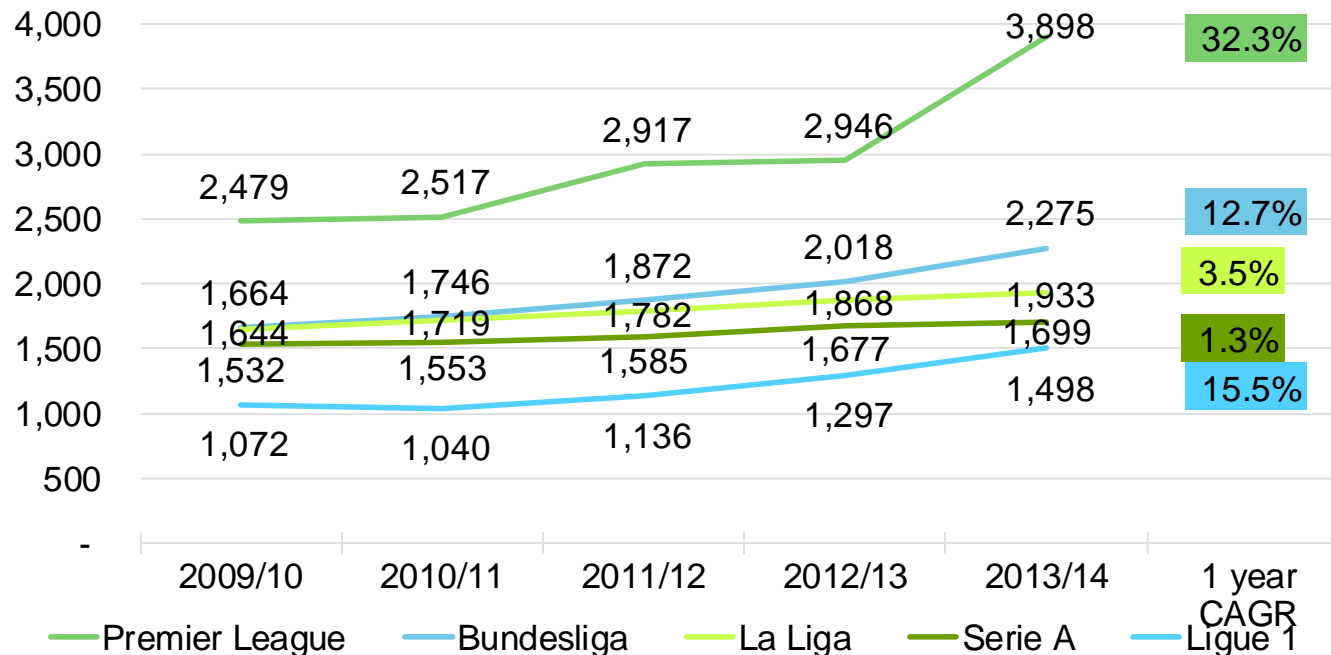


- Size of the European football market **increased by €1.6bn** compared with 2012/13
- €21.3bn is almost **twice the aggregate amount** from ten years previously
- Growth almost **entirely driven** by 'big five' European leagues
- Gap between 'big five European leagues and other leading European leagues continues to widen
- Emphasises attraction of best live football to broadcasters and of Europe's leading clubs to commercial partners
- In 2013/14 England's top 20 clubs accounted for almost **20% of this market**

Annual Review of Football Finance 2015

Europe's premier leagues

Revenue growth (€m)

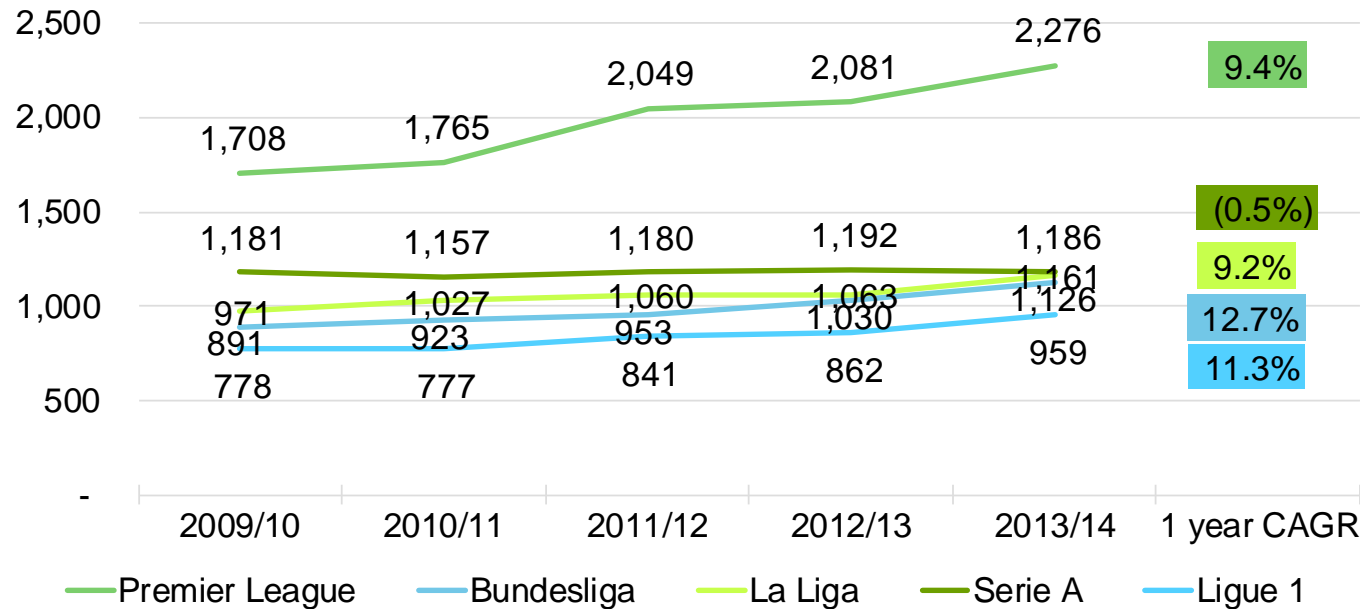


- Cumulative revenues of the 'big five' leagues rose by **15% to €11.3bn** in 2013/14
- Premier League clubs' revenues now over **€1.6bn more** than its near rival, the Bundesliga
- The Premier League now generates **more revenue than La Liga and Serie A combined**

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Europe's premier leagues

Wage costs (€m)

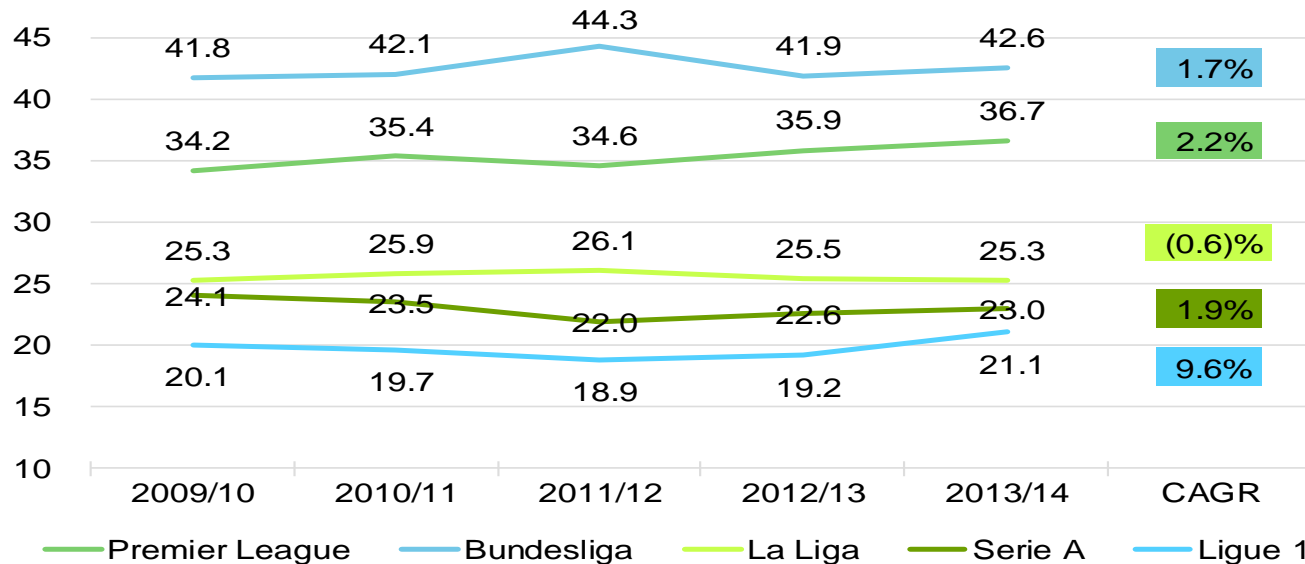


- Each of the leagues reported a wages/revenue ratio **at or below 70% in 2013/14**
- Overall the wages/revenue ratio **fell to 59%**, its lowest level since 1999/00
- In the last two seasons **only 31% of revenue growth** has been spent on wages

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Europe's premier leagues

Average league match attendances (000s)



- The Bundesliga had the highest average of any European league at **more than 42,600**
- The Premier League's **stadium utilisation of 96%** was the highest across the 'big five' leagues
- In the run up to UEFA Euro 2016, average attendances in Ligue 1 increased for a **second consecutive year**

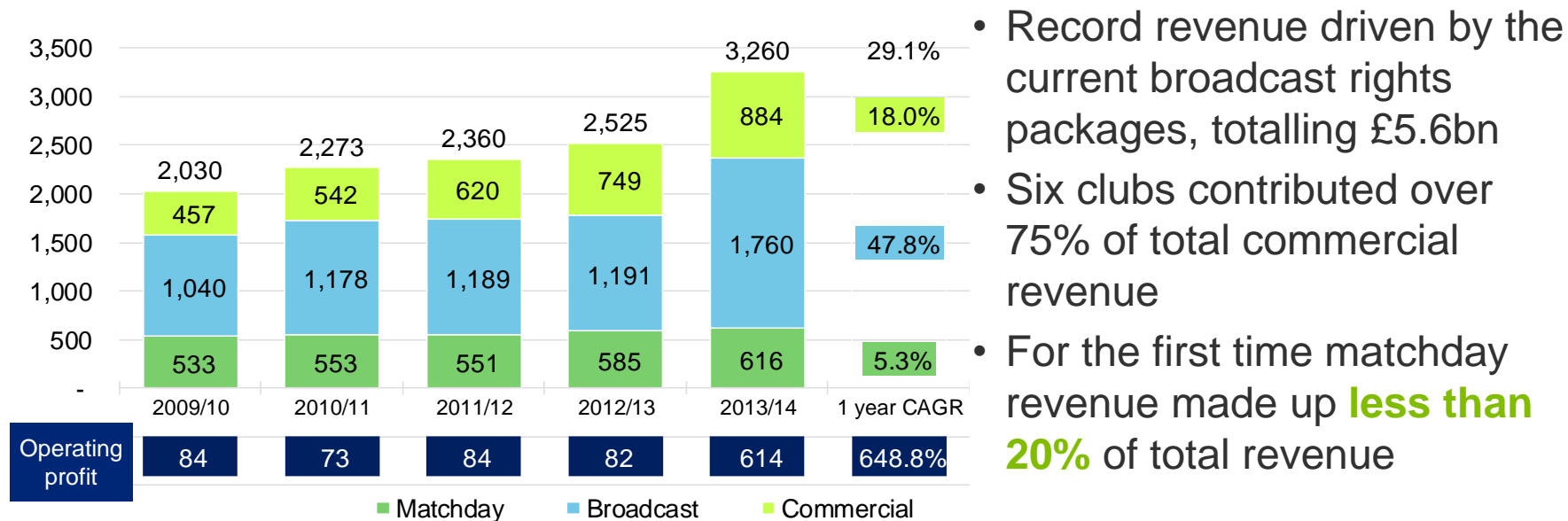
The Premier League



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English Premier League

Revenue streams by category (£m)

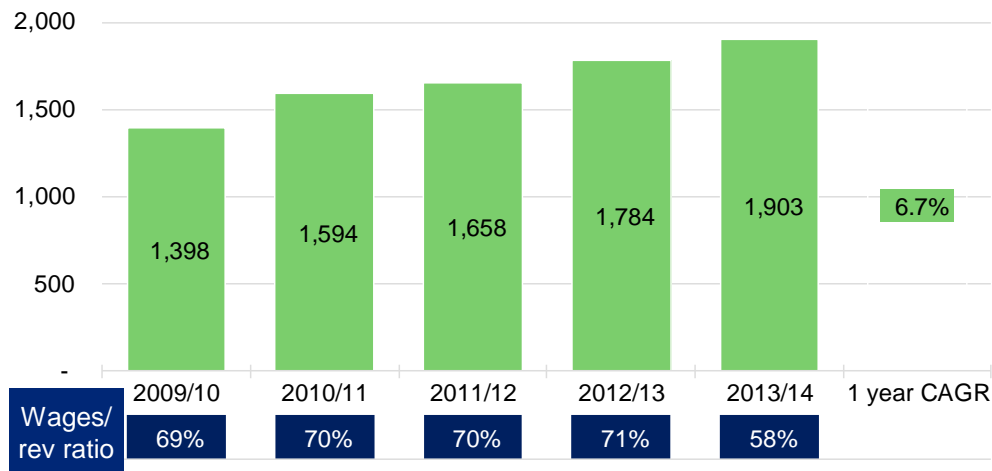


- Record revenue driven by the current broadcast rights packages, totalling £5.6bn
- Six clubs contributed over 75% of total commercial revenue
- For the first time matchday revenue made up **less than 20%** of total revenue

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English Premier League

Wage costs and wages/revenue ratio (£m)



- Lowest wages/revenue ratio **since 1998/99**
- Last year 11 clubs were above the 70%; in 2013/14 **only two clubs** exceeded this threshold
- Operating profits increased to £614m, smashing the previous record and **19 of the 20 clubs reporting an operating profit**

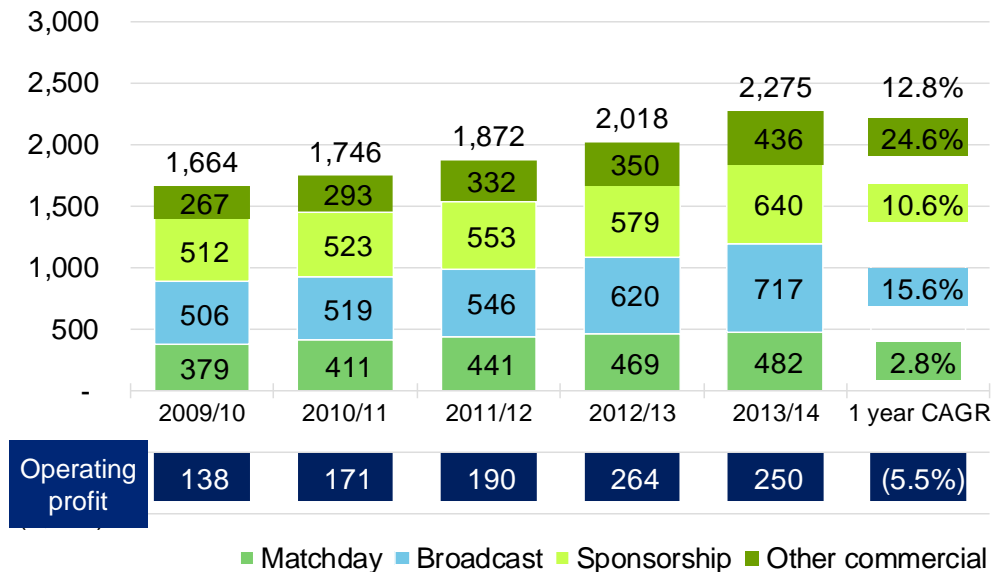
The Big Five Leagues



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German Bundesliga

Revenue streams by category (€m)



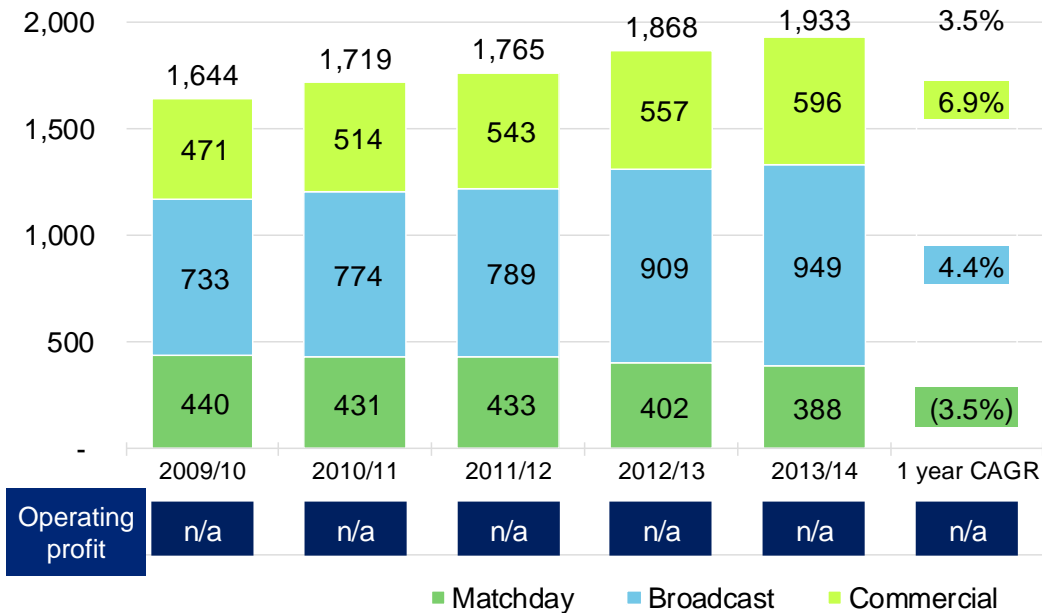
- **Eighth consecutive year** of revenue growth
- The only ‘big five’ league where commercial revenue is the largest contributor
- New set of domestic broadcast rights contracts, yet value remains the **lowest across the ‘big five’ leagues**

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Spanish La Liga



Revenue streams by category (€m)

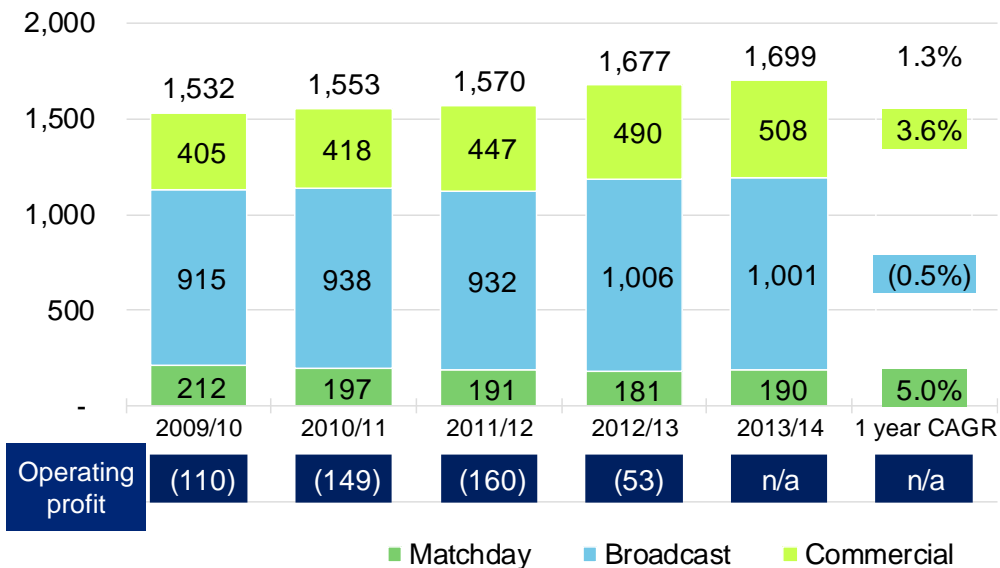


- Revenue growth of €65m attributable to two Madrid clubs, the **other 18 clubs' collectively down**
- Real Madrid and Barcelona together accounted for **over 50%** of total La Liga revenue
- Collective sales agreement expected to see big increase in overall Broadcast value

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Italian Serie A

Revenue streams by category (€m)

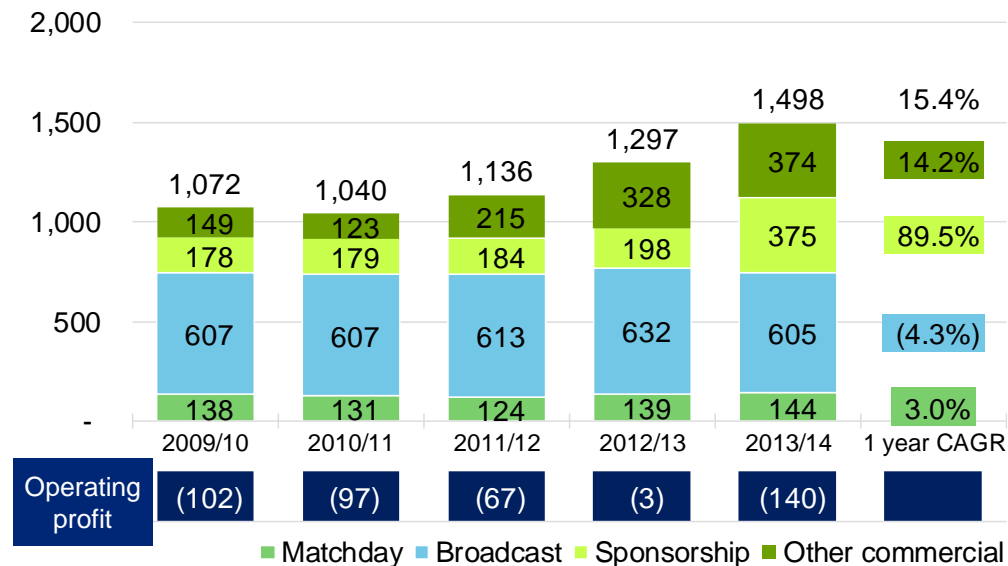


- Marginal revenue growth masked significant movements at some clubs, greatly impacted by extent of participation in European competition
- Broadcast revenue **represented 59% of total revenue**, the largest relative contribution by a single revenue stream

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French Ligue 1

Revenue streams by category (€m)



- Total revenue growth of €201m **led by PSG's** revenue growth of €75m
- Total revenue from sponsorship and other commercial sources **rose by €223m (42%)** driven by commercial revenues of PSG and Monaco
- **Broadcast revenues fell** mainly due to Lyon's early exit from the Champions League

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Contacts and resources

Contacts

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Resources

- Deloitte Finance Club home page: www.deloitte.co.uk/financeclub
- UK Accounting Plus (formerly IAS Plus): www.ukaccountingplus.co.uk
- Annual Review of Football Finance: www.deloitte.co.uk/arff
- Deloitte CFO Survey: www.deloitte.co.uk/cfosurvey

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Recent seminars

- [Summer finance checklist 2015](#) – Thursday, 14 May 2015
- [Business Partnering: better decision-making through Finance insight](#) – Wednesday, 29 April 2015
- [The rise of omnichannel: what it means for Finance](#) – Wednesday, 25 March 2015
- [Holiday finance checklist 2014](#) – Wednesday, 10 December 2014

- [All change! Key trends and developments in the UK insurance market](#) – Wednesday, 19 November 2014
- [Managing pensions risks and costs and a Tax update](#) – Wednesday, 22 October 2014
- [Football Finance and Fraud: an inevitable cost of doing business?](#) – Wednesday, 1 October 2014



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