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HOW TO CREATE VALUE IN A FOOTBALL CLUB

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INTRODUCTION

ABSTRACT

According to the 2021 Football Landscape Report published by FIFA, football is the most followed sport worldwide, with more than 5 billion fans around the globe. But this is much more than a game; today, it is a business valued, according to Mordor Intelligence's industry report, at $771.78 million as of January 2025, and it is expected to reach $943.05 million before 2030. Managing a football team and succeeding in creating value and obtaining results on the pitch can be a very difficult undertaking for any manager or director operating in this unique and fascinating industry.
In this thesis, the author will investigate a club's financial statements to understand where value lies and how it is created. To do so, Juventus' financials will be used as an example and as a guide into the world of football finance.

The first chapter will provide a theoretical framework to better understand the analysis that follows, explaining which financial statements a listed company must publish each year and how these can be reformulated and analysed to assess the company's liquidity, efficiency, and profitability.

The second part will involve the analysis of the balance sheet, looking at the principal assets of a club, using Juventus' statements to understand which contribute the most to the company's value. Attention will then shift to financing decisions for listed and non-listed clubs. Is it better for administrators to ask investors for new capital injections to sustain the business or to borrow money from banks?

The third chapter will focus on the income statement, starting with cost analysis to determine which expenses weigh most heavily on a club like Juventus. The author will explore player trading and analyse the role of gains and losses in a club's financials. The most important cost categories will be examined, followed by a similar analysis of revenues, showing how TV rights are regulated and distributed in different leagues, with a closer look at stadium investment through the Juventus case. The analysis will explore the decision made in 2009 to invest in the construction of the new Allianz Stadium, to assess whether it could be a source of value for the club.

In the fourth chapter, the theoretical framework explained in the first chapter will be applied to the Juventus financial statements analysed thus far. The balance sheet and income statement will be reformulated and used to assess the club's current financial

situation. At the end of this part, an attempt will be made to answer the question: What is Juventus' current value? To do so, different methods will be applied to obtain the most reliable estimate possible.

Finally, based on all the preceding analysis, the author will conclude by answering the thesis question: how is value created in football? The author will provide his point of view on the topic and suggest strategies to increase Juventus' value.

WHAT IS VALUE?

Before defining the concept of value, it is necessary to assess some differences that make football a unique industry.

First of all, football clubs differ from most businesses because of the unique nature of their consumers: the fans. While companies in other industries must constantly compete to attract and retain customers, football clubs enjoy the unwavering loyalty of their supporters. A fan has a deep emotional connection with the club and feels a part of its identity. This bond is not typically influenced by the club's decisions or on-field results. As the saying goes, "A customer may change preferences, but a supporter is forever."

The second important difference is the strong cooperative component (co-petition) of the industry. While in any other sector companies compete to maximize their profits and try in every way to eliminate their competitors, the health of other clubs is essential in football. Football is an entertainment industry, and the more competitive a team is, the more attractive the league becomes, ultimately benefiting all participating clubs. For example, although AS Roma hopes for the worst for their historical rivals SS Lazio on the field, they would never wish for their relegation because the derby makes their season more interesting, offering fans a spectacular match and the chance to debate with friends, in pubs and on social media. This is also the reason why, for example, in 2004, Bayern Munich lent money to their historic rivals Borussia Dortmund to help them survive financially.

The third important difference is the uncertainty caused by sports performances. In football, sports these strongly influences revenues: good performances mean more money from TV rights, more ticket sales, more money from prizes and more merchandise sold.

Moreover, if a club wins, the value of a club's assets, such as players and brand value, increases.

The problem is that bigger investments do not always lead to better performances. As shown in Fig. 1 and Fig. 2, in 2024/25[1] neither in the Premier League nor in Serie A the team that has spent the most on the football market occupy the first place. In Premier League, Liverpool FC, which has the lowest spending of the entire league, is in first place! This does not mean that Liverpool has the least valuable team roster, but it is enough to affirm that spending more does not guarantee success. The uncertain relationship between investment and revenue increases the industry's risk significantly.

Place	Squad	Place expenses	Market expenses	Difference
1	Liverpool FC	20	42.00 million €	19
2	Arsenal FC	12	€108.90 million	10
3	Nottingham Forest	13	€105.50 million	10
4	Chelsea FC	2	€276.00 million	-2
5	Manchester City	4	€243.00 million	-1
6	Newcastle United	18	€68.20 million	12
7	Brighton & Hove Albion	1	€279.95 million	-6
8	Fulham	16	91.55 million €	8
9	Aston Villa	5	€214.20 million	-4
10	AFC Bournemouth	9	€126.87 million	-1

[2]

Figure 1 Expenditure vs ranking Premier League (19/03/2025)

[1] Data at the 19/03/2025

[2] https://www.transfermarkt.com/premier-league/marktwerttabellenplatz/wettbewerb/GB1

Place	Squad	Place expenses	Market expenses	Differen
1	Inter	7	€90.15 million	6
2	S.S.C. Napoli	2	€151.50 million	0
3	Atalanta	5	€104.30 million	2
4	Bologna FC	10	€51.88 million	6
5	Juventus FC	1	€193.30 million	-4
6	S.S. Lazio	9	€53.65 million	3
7	AS Roma	4	€107.40 million	-3
8	ACF Fiorentina	8	€69.57 million	0
9	AC Milan	3	€121.70 million	-6
10	Udinese Football	14	€23.95 million	4

Figure 2 Expenditure vs ranking Serie A (19/03/2025)

Once the particularity of football industry has been assessed, the analysis can be shifted to the concept of value.

Estimating and increase a football club value could be difficult; to do so it is important to know and being able to read the company's financial statements and understand the club's value creation strategy. Also, this way, as we will see in next chapter, the accounting value is often different from the market value and this thesis will try to provide more effective business evaluation methods.

The analysis will show how football today is currently going through the most serious crisis since its inception, with most clubs today destroying value and recording significant losses on their income statements. It is therefore important to understand where it is possible to create value and how to increase it.

[3] https://www.transfermarkt.it/serie-a/marktwerte/wettbewerb/IT1

CHAPTER 1

THEORICAL FRAMEWORK

In this chapter we are going to explore the theoretical framework that will be necessary for the successive analysis. First of all, we will understand what statements a listed company is required by law to publish and how they can be reformulated to facilitate the analysis. Then, the investigation will move to the Ratio analysis, a study which provides insights on a company liquidity, efficiency and profitability situation. In the end it will be explained different ways to evaluate a company's value. The analysis in this chapter will remain general, while in the following chapters it will be specifically applied to Juventus' financial statements, serving as a guide throughout this journey into the football industry to answer to the question: **how is it possible to create value in an industry that is currently losing money?**

FINANCIAL STATEMENT ANALYSIS

Every year, any listed company has to publish comprehensive financial statements in accordance with international accounting standards, in order to ensure transparency and protect investors. These includes:

1) Balance sheet: The balance sheet is the statement of financial position of a company at a specific point in time. It provides a snapshot of what the company owns (its assets), what it owes to third parties (its liabilities), and the residual interest belonging to the owners (its equity). Unlike the income statement, which covers a period of time, the balance sheet reflects the situation of the company at a single date.

   Assets are the resources controlled by the company with the expectation to generate future economic benefits. These can be classified into tangible assets such as buildings, machinery, and inventory; intangible assets like patents, trademarks, and goodwill; and financial assets such as investments or receivables. Liabilities, on the other hand, are the obligations arising from past events, expected to result in an outflow of resources. They represent the amount of money the business owes to other parties, such as suppliers, banks, or tax authorities. Both assets and liabilities can be divided into current or non-current depending on

whether they are expected to be used, realized, or settled within 12 months or as part of the company's normal operating cycle.

Equity represents the residual value of the company once all liabilities have been deducted from the assets. It includes the capital invested by the owners, reserves, retained earnings, and the net profit or loss for the year. This section is fundamental as it reflects the owners' interest in the company and their share of the value created over time.

The balance sheet must always be balanced according to the accounting equation: Assets = Liabilities + Equity. This principle reflects the double-entry system, ensuring that every transaction affects at least two accounts in a way that maintains this balance.

Ultimately, the balance sheet provides essential information for various stakeholders, including investors, creditors, and analysts, who use it to assess the financial stability, solvency, and overall health of a business.

2) Income statement: Also called the profit and loss statement, collects all the revenues obtained and the cost sustained by the company in the year. The difference between them gives the results of the year, if revenues are higher than expenses the business records a profit otherwise a loss. IAS 1 requires companies to show their expenses classified by function or by nature. The first refers to dividing them into: Cost of Goods Sold (COGS), the costs incurred in the direct production of goods or services, and Other Costs (all remaining expenses). The second refers to grouping costs based on expense categories (e.g., raw materials, salaries, etc.).
3) Cash Flow statement: It assesses the liquidity status of the company dividing cash coming from operating, financing and investing activities. In this analysis this statement will not be considered.
4) Notes to the Financial Statements: They provide additional information describing the account principles used, explaining significant changes in balance sheet items and provides details necessary for a better understanding of the document.

FINANCIAL STATEMENTS REFORMULATION

To better analyse a company's financial statements and assess its economic situation, it is useful to reformulate the balance sheet, and the income statement as follows.

Income statement

The income statement reformulation requires using the classification by function and divide the non-cash items from the other expenses. This leads to the creation of a value called EBITDA (earnings before interests, taxes, depreciation and amortization). EBITDA is the best value to show operating profitability because non-cash items like amortization, depreciation, gains, losses, and other extraordinary items are excluded. In this way, we move from the IAS classification by function in Fig. 3 to the reformulation in Fig. 4.

Net revenues
- COGS
=Gross profit
-Other expenses
=Earnings before interests and taxes (EBIT)
+/- Net interests
=Earning before taxes (EBT)
-Taxes
=Earnings after taxes (EAT)

[4]

Figure 3 IAS income statement

[4] Created by the author

Net revenues
- COGS
=Gross profit
-Operating expenses
=EBITDA
-Depreciation ,amortization, special items
=Earnings before interests and taxes (EBIT)
+/- Net interests
=Earning before taxes (EBT)
-Taxes
=Earnings after taxes (EAT)

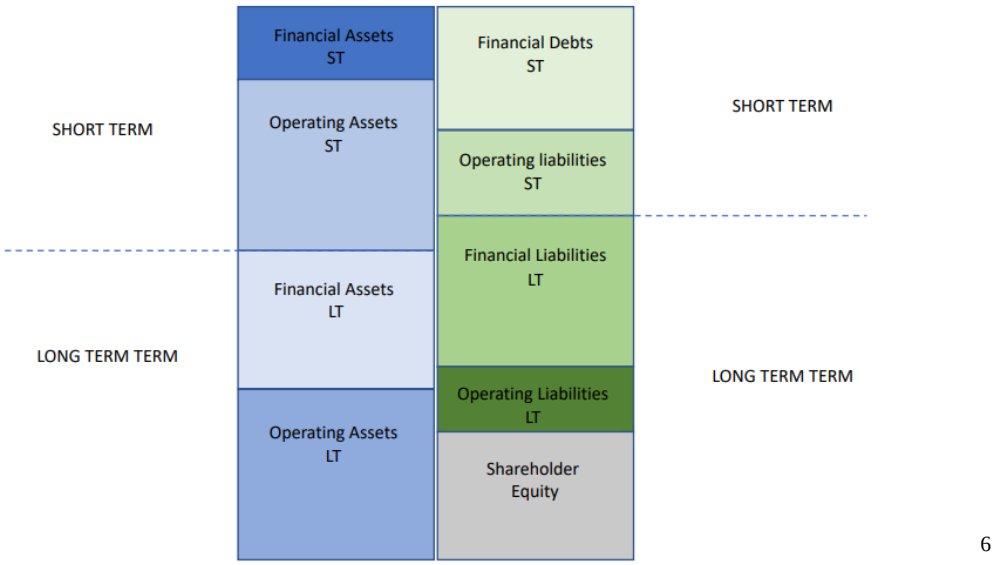
[5]

Figure 4 Reformulated Income statement

Balance sheet

Reformulating the balance sheet helps us to understand how the firm invests in operations, how it relies on operating liabilities and how the company finances its operations. To do so, it is essential to divide assets and liabilities into operating (all investments are non-financial or strictly related to the core business) and financing (all the other). It is also necessary to divide those in short and long-term depending on whether they are realized within 12 months or not. In this analysis equity is taken as it is because it is financing and long term by definition. In this way we should obtain a balance sheet reformulation as Fig. 5.

[5] Created by the author



6

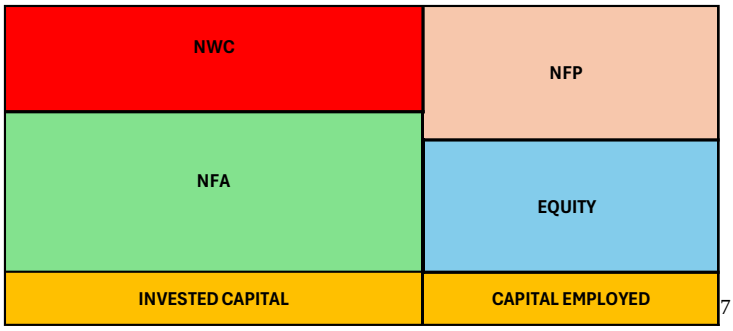
Figure 5 Reformulated balance sheet

Once the balance sheet has been reformulated, it is possible to calculate the Net Working Capital (NWC) by deducting the operating short-term liabilities from operating short-term assets. This is the measure of the short-term investments to run core operations. Positive NWC means that a company can fund its current operations and invest in future activities and grow. If this value is too high, it may not be good news meaning the company is not using short terms assets efficiently.

Then, it is possible to calculate the value of the Net fixed assets (NFA) subtracting operating long-term liabilities from operating long-term assets. The sum of NWC and NFA gives the Invested Capital.

The Invested Capital has to be equal to the Capital Employed given by the sum of Shareholder's equity and Net financial position (NFP) given by the difference between financial assets and financial liabilities, as in Fig. 6.

[6] From Financial reporting and performance measurement classes



[7]

Figure 6 Invested capital and Capital employed composition

RATIO ANALYSIS

Once we have reformulated the balance sheet and the income statement, it is possible to use Ratio analysis to evaluate the financial health of the company. This analysis investigates most of all three areas: Liquidity, efficiency and profitability.

Liquidity

By liquidity we mean the ability of a business to generate cash from current assets to pay short-term obligations. This underlines the importance for a company to apply a matching strategy to its investment. The golden rule is to match the life of assets with the duration of their financing sources; for example, finance short-term assets with short-term liabilities, and long-term assets with long-term liabilities, to reduce risk. In this way, Short-term Net Financial Position (NFP) will be used to finance the Net Working Capital (NWC) while NFP long-term and equity should be used for Net fixed assets. The main used ratios to evaluate a company's liquidity are:

1) Current ratio (CR): It is calculated as $CR = \frac{Current\ assets}{Current\ liabilities}$ and measures the company's ability to meet its short term obligations using short term resources. If it is greater than 1 means the company should be able to pay its current liabilities through its current assets.

[7] Image created by the author

2) Acid test (AT): It is calculated as $AT = \frac{Current\ assets - inventory}{Current\ liabilities}$. It is very similar to the Current ratio, the difference is that inventory is deducted from current assets because it is less liquid, and it could be more difficult to convert it in money. In this case the acceptable level is 0,8.
3) Cash Ratio: It is calculated as $Cash\ ratio = \frac{Cash\ \&\ Cash\ Equivalents}{Current\ Liabilities}$ and measure the company's capability cover its short-term liabilities only using cash and equivalents. It gives an idea of the immediate company's liquidity. This ratio is good if it is between 0,2 and 0,5; too high value could mean the company is accumulating more liquidity than what is needed so it could be inefficient.
4) Operating current ratio (OCR): It is calculated as $OCR = \frac{Accounts\ Receivable + Inventories}{Accounts\ Payables}$ and it is a measure of a company's ability to cover its short-term liabilities using only its operational assets. This ratio excludes other resources not directly related to core operations, such as cash and short-term investments. If it is greater than 1 it means the company can potentially finance its short-term obligations with its operational assets.

Efficiency

Efficiency ratios are financial metrics used to measure how well a company utilizes its assets and liabilities to generate sales and maximize profits. Improving these ratios often leads to better profitability, cash flow management, and operational success. To understand a company's efficiency, this thesis will base the analysis on four ratios:

1) $\text{Days of sales outstanding (DSO)} = \frac{\text{Accounts recivable}}{\text{Sales}} \text{ x } 365$, this metric shows the collection period, the average number of days taken by the company to collect payments from customers after a sale. The lower it is the better, as it means the company is quicker at collecting cash from the sales.
2) $\text{Days of payables outstanding (DPO)} = \frac{\text{Accounts Payable}}{\text{Purchases}} \text{ x } 365$, this metrics shows the time on average the company takes to pay its suppliers. To obtain the value of purchases that is not present on the financials, it is possible to calculate it as $\text{Purchases} = \text{COGS} + \text{Ending Inventories} - \text{Beginning Inventories}$. The

higher the DPO, the better it is for the company because it means money remains in the business longer before being paid out to suppliers.

3) Days in inventory outstanding (DIO) $= \frac{\text{Inventory}}{\text{COGS}}\ x\ 365$, this metric measures how many days, on average, inventory is held before being sold. A lower DIO is good for the company as it can indicate that the company is more efficient with its inventory which are sold and replaced quickly.
4) Cash conversion cycle (CCC)= $\text{DSO} + \text{DIO} - \text{DPO}$, measures how long it takes for a company to convert its investments in inventory and other resource inputs into cash flow from sales. In other words, it tells you how long it takes for a company to recover cash invested in operations, from paying suppliers to collecting cash from customers. The shorter the cycle, the more efficient the company is.

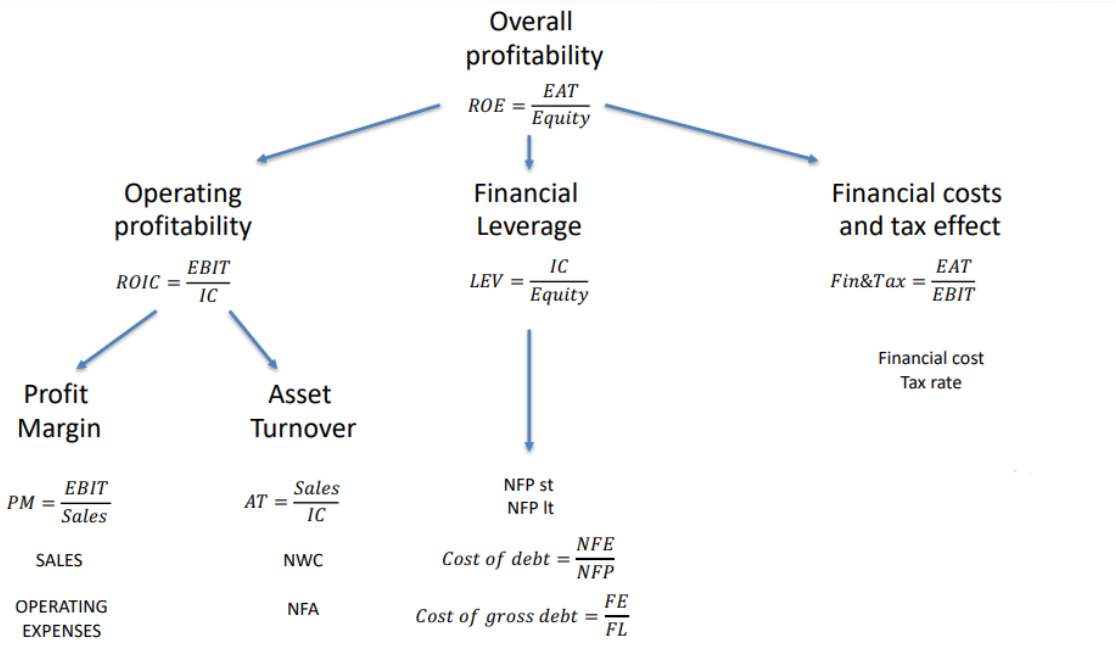
Profitability

Profitability analysis measures how efficiently a company generates profit and value for shareholders. The higher those ratios are the more profitable the company is. One of the most used profitability measures is the DuPont Analysis, it consists in the decomposition of the firm's overall profitability represented by Return On Equity (ROE)=$\frac{\text{EAT}}{\text{Equity}}$ into 3 components:

- An operating profitability measure
- A financial leverage measure
- A financial and tax effect measure

The profitability measure is calculated by the Return On Invested Capital (ROIC)=$\frac{\text{EBIT}}{\text{Invested Capital}}$, which shows how efficiently a company is generating profit from the capital it has received from both equity holders and debt providers. The Return on Invested Capital (ROIC) can be decomposed into two main components: the profit margin, which reflects the company's ability to generate profit from its revenues, and the asset turnover, which measures how efficiently the company uses assets to generate

revenue. ROIC is considered a more comprehensive measure than ROE, as it considers both equity and debt. In this way, it reflects the return for all capital providers. The Dupont analysis gives also metrics to measure the financial leverage which refers to the use of debt or borrowed funds to increase the ROI. If this ratio equals 1, means all the capital employed is financed by equity, in reality, a ratio of 1 is uncommon. However, the closer the value is to 1, the more equity-based the financing is, which may reduce financial risk. The financial and tax effect reflect the incidence of corporate taxation and corporate financial costs. All this is illustrated in Fig. 7.



[8]

Figure 7 Dupont Analysis

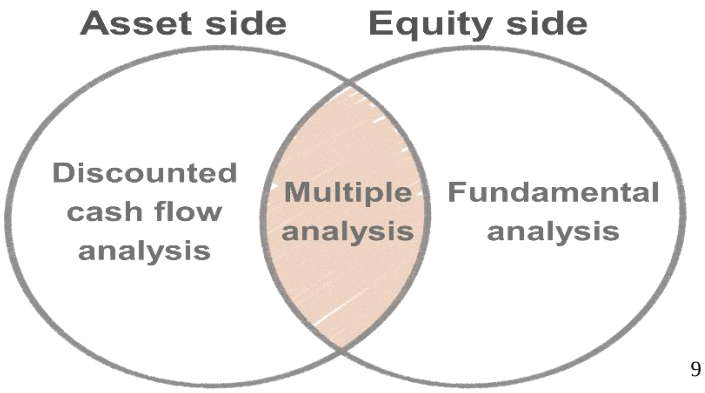
BUSINESS VALUATION

Business valuation is the process of determining the economic value of a company. Estimating the value of a company could be complex, and it goes further than looking only at the accounting values, especially in football, as we will see in next chapters. For example, in 2022, Abramovich (the owner of Chelsea) sold his club for £4.25 billion after

[8] From Financial reporting and performance measurement classes

the beginning of the Ukraine-Russia war. If we analyse the accounting value of the club as of 30/06/2022, we can notice that the accounting Enterprise Value (EV = equity + debt – cash) was £1.37 billion, which is very far from the selling price. How can this difference be explained? There are three main reasons that can explain it. First of all, the financial statements do not recognize self-generated intangible assets like the brand, the history and supporters' loyalty which as we will see in next chapter have an absolute value. Second, the market values can reward with higher price the company's ability to grow in the long run. In the end, there may be positive or negative externalities which can affect the market price but to which the financial statements are insensitive.

So how can we estimate a company's value that comes as close as possible to its potential selling price? The company's value can be estimated with different methods which can follow either an equity-side or asset-side approach. In this analysis, three approaches will be applied: Discounted Cash Flow analysis (DCF), Dividend Discount Model analysis (DDM) and Multiple analysis (Fig.8).



[9]

Figure 8 Business evaluation approaches

[9] Created by the author

Asset based valuation (ABV)

These methods aim to calculate a company's value starting from its assets, sum them, deduce debt and obtain Equity. It must be remembered that the Enterprise Value (EV) is calculated as follows: $EV = Equity + Debt - Cash\ \&\ Cash\ equivalents$. Consequently, as has been said, $Equity = EV - Debt + Cash\ \&\ Cash\ equivalents$.

The most common ABV method is the Discounted Cash Flow analysis, the idea behind is that the company's value is equal to the present value of its future cash flow discounted at the appropriate cost of capital. To do so, it is essential to build it accurately (and this is also the main limitation of this model) an appropriate prospective cash flows statement. This is a document in which the forecasted costs and expenses are presented year per year. Once those have been calculated and inserted in the statement, the cash flow is calculated as follows:

$$\begin{aligned} &Unlevered\ Free\ Cash\ Flow \\ &\quad = EBIT - Tax\ effect - + Cash\ from\ NWC - CAPEX \\ &\quad + Amortization, Depreciation, other\ special\ items \end{aligned}$$

The Tax effect is calculated as a percentage of the EBIT; in EU countries it is 30% on average. To calculate the Cash from Net working capital, are added with the opposite sign all the changes are related to operating current assets and/or operating current liabilities. It is taken with the opposite sign because an increase in NWC means more money has been invested (e.g., in more receivables or more inventory), while a decrease in NWC frees up cash. The term CAPEX refers to sum of all the new investments in fixed assets. In the end are added the non-monetary cost because we want to estimate a measure of cash.

When we have all the Unlevered Free Cash Flow it is needed to discount them at the appropriate cost of capital. To do so, it can be used the WACC calculated as follows:

$$WACC = ke\ x\ \left(\frac{Equity}{Equity + Debt}\right) + kd\ x\ \left(\frac{Debt}{Equity + Debt}\right) x\ (1 - t)$$

Where ke is the cost of equity calculated with the Capital Asset Pricing Model (CAPM) formula as follows:

$$ke = rf + \beta\ x\ (rm - rf)$$

Where rf is the rate of return considered for risk free investments, β is value that indicates the risk in the sector the company operates in, rm-rf is the equity risk premium.

Kd is the cost of debt that can be calculated as the ratio of the financial interest to financial debt. In the end, 1-t is the tax benefit, where t is the tax rate.

After calculating the Free Cash Flows (FCF) and determining the appropriate cost of capital, it is necessary estimate the Enterprise Value as follows:

$$EV = \frac{FCF_1}{(1+wacc)^1} + \frac{FCF_2}{(1+wacc)^2} + \cdots + \frac{FCF_t}{(1+wacc)^t} + \frac{TV}{(1+wacc)^t}$$

The TV (terminal value) is inserted into the formula to estimate the value of a business or an asset at the end of a projection period. Since it's difficult to predict cash flows indefinitely, the terminal value helps to account for the business's value beyond the forecasted period. It can be equal to 0 if we assume to have calculated all the future cash flow and nothing will be produced later, if it is assumed that cash flows remain constant in the future it is calculated as follows:

$$TV = \frac{FCF_t}{Wacc}$$

If it is supposed that it grows at a constant rate g it is calculated:

$$TV = \frac{FCF_t x(1+g)}{Wacc - g}$$

It is important to remember that this model estimates the Enterprise Value so after it is calculated it is needed to deduct Debt and add Cash and Cash equivalents to obtain the company's equity.

The DCF method is widely used in business evaluation because it is tied directly to the company's real operations, rather than relying on market valuations or price fluctuations,

it is applicable to different sectors and thanks to the wide range of information used it allows for a more in-depth analysis. The main drawbacks of this model application are related, as anticipated, to the high sensibility to assumptions and the uncertainty in Terminal Value. Forecasting future cash flows is complex and highly uncertain, especially for young companies, those in rapid growth, or companies operating in volatile industries and projections often do not reflect actual future performance.

In summary, the DCF model is a detailed and solid method for estimating a company's equity, especially when there are stable cash flows and reliable projections. However, its sensitivity to assumptions and the difficulty in applying it to young or rapidly growing companies may limit its practical applicability.

Equity-side valuation

Equity-side valuation methods aim to estimate the value of a company's equity directly, rather than its enterprise value. The most common is the Dividend Discount Model (DDM). Dividends represent a portion of the company's earnings that is distributed to its owners as a reward for investing in the company. The idea behind DDM is to calculate the company's equity as the present value of the future flows of dividends discounted at the appropriate **cost of equity (ke)**. It is important to note that in this case we are estimating equity instead of Enterprise Value so, the rate to use is the return on equity instead of return on capital (WACC).

To apply this method, it is necessary to estimate future cost and revenues in order to be able to calculate for each year the EAT. Then, it is possible to obtain each year dividend as follows:

$$Dividend_t = EAT_t \; x \; Payout \; Ratio$$

Where the Payout ratio is the percentage of EAT that is paid to the owners as dividends.

As been already explained how to calculate the cost of equity through the CAPM. Therefore, we just need to calculate the present value of the different dividends to obtain the equity value as shown below:

$$Equity = \frac{Div_1}{(1+ke)^1} + \frac{Div_2}{(1+ke)^2} + \cdots + \frac{Div_t}{(1+ke)^t} + \frac{TV}{(1+ke)^t}$$

Regarding the terminal value, the same principles as in the DCF approach apply, but using the cost of equity instead of the WACC.

The DDM is good method to estimate a company's value because of its simplicity to understand and apply and it is most applicable to stable, mature companies that pay consistent and predictable dividends. For such companies, DDM can provide an accurate valuation. On the other hand, it has some cons: it is like the DCF, it is sensitive to the assumption, it has more limited applicability, because it is less useful for companies that do not pay dividends, or for those that have unpredictable or highly variable dividend policies. In the end, it does not take into account many factors like capital gains, changes in company operations, or market conditions, which can affect the overall value of the stock. In summary, it is a fast way to have a good estimation of a company's equity but with limited applicability and with the risk is to oversimplify.

Multiple analysis

The last approach we are going to study in this thesis is the multiple analysis in which financial markets are used to evaluate equity. A multiple is a ratio that compares a company's market value to a specific financial metric. The idea involves identifying companies that are comparable in size, industry, growth, and risk profile to the company being valued. The average or median multiple from the comparable companies is applied to the financial metric of the target company to estimate its value.

There are asset-side multiples that help estimate a company's enterprise value. As before, to obtain equity value, debt must be subtracted and cash added. The most used of those are:

- $\frac{\mathbf{EV}}{\mathbf{Sales}}$ This multiple compares a company's Enterprise Value to its total revenues. It shows how much investors are willing to pay for each unit of sales, regardless of profitability.

- $\frac{\mathbf{EV}}{\mathbf{EBITDA}}$ This ratio compares Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and Amortization. It measures a company's operating performance and is commonly used as a proxy for cash flow from operations. It is one of the most popular because not considering items can be easily compared. Not considering these costs can cause over or under valuation.
- $\frac{\mathbf{EV}}{\mathbf{EBIT}}$ This multiple compares Enterprise Value to Earnings Before Interest and Taxes. Differently from EV/EBITDA considers noncash items and gives a more complete measure of profitability. On the other hand, it is more affected by accounting policies.

There are also equity side multiples:

- $\frac{\mathbf{Price}}{\mathbf{Earnings\ per\ Share\ (EPS)}}$ This ratio compares a company's market price per share to its earnings per share (EPS). It shows how much investors are willing to pay today for 1 unit of earnings. It is like EBIT affected by financial statements policies and it can be influenced by the company's leverage and tax rate but the easiness of calculation makes it one of the most used.
- $\frac{\mathbf{Price}}{\mathbf{Book\ Value}}$ This compares a company's market capitalization to its book value (net asset value). It indicates how much investors are paying for each unit of a company's net assets. If this multiple is greater than 1 means Market Value is higher than book value and its means the company is creating value.
- $\frac{\mathbf{Price}}{\boldsymbol{Cash\ earnings\ per\ share}}$ This ratio compares the company's price per Share to its Cash Earnings per Share (CEPS). It is a performance measure used to assess how the net asset value of the company relates to the cash-generating capacity of its operations. Where CEPS is calculated as:

$$CEPS = Net\ Earnings + Non\ Cash\ Items$$

Multiple analysis is so widely used as a method to evaluate a business because of its simplicity and speed, the fact that it is market based reflecting investor expectation and for the possibility to allow for direct comparison between companies. On the other hand,

it can be difficult to find the right comparables. Sometimes, even companies operating in the same industry may have different business models.

In the next chapter, we will try to apply this theoretical work to the football industry in order to answer to the thesis questions: How to create value in football?

CHAPTER 2

JUVENTUS FINANCIAL PRESENTATION

To begin the exploration of a football club's financials in order to understand where value is created, this thesis will use the Juventus financial statements as an example and as a reference for the analysis. In Chapter 4 they will be reformulated as explained in the last chapter to evaluate it. The decision to focus on Juventus comes from different factors. First of all, Juventus is one of the few listed football companies and this allows the author to access more information (in this chapter will be discussed the advantages and disadvantages of being listed on the stock market). Secondly, Juventus is a world-class club which is trying to create value also outside the pitch and it could be used as a good example of value creation. Lastly, the Turin-based club has a privately owned stadium which is essential today to increase revenues and bring the company to another level. The Allianz Stadium investment will be analysed in Chapter 3. As shown in Fig.9 and Fig.10, there are Juventus Balance Sheet and Income Statements with 2023 and 2024 values as published by the club on its official website.

BALANCE SHEET JUVENTUS	30/06/2023	30/06/2024
ASSETS		
Non current Assets		
Players' registration rights, net	323.557.110,00	274.565.096
Goodwill	1.811.233	1.811.233
Other intangible assets	52.799.363	55.103.390
Intangible assets in progress and advance payments	2.559	974.170
Land and buildings	171.930.651	167.428.449
Other tangible assets	15.897.929	9.658.755
Tangible assets in progress and advance payments	1.269.107	543.936
Equity investments	1.230.117	1.398.219
Non-current financial assets	12.268.480	12.173.210
Deferred tax assets	5.363.766	5.724.962
Receivables due from football clubs for Transfer Campa	85.278.191	15.255.543
Other non-current assets	1.735.275	3.398.127
Non-current advances paid	222.698	154.219
Total Non current assets	673.366.479,00	548.189.309,00
Current Assets		
Inventories	10.605.410	3.063.434
Trade receivables	23.642.276	20.322.121
Trade and other receivables from related parties	262.118	22.509.348
Receivables due from football clubs for Transfer Campa	46.731.521	22.576.643
Other current assets	13.394.375	12.583.587
Current financial assets	12.167.087	12.072.606
Cash and cash equivalents	48.676.632	36.424.496
Current advances paid	5.128.007	1.239.897
Total Current Assets	160.607.426	130.792.132
TOTAL ASSETS	**833.973.905,00**	**678.981.441,00**
Equity		
Shareholder' equity		
Share capital	23.379.254	15.214.873
Share premium reserve	161.732.580	225.973.451
Legal reserve	1.636.427	0
Financial asset fair value reserve	335.568	145.815
Other reserves	-1.509.191	-1.908.522
Retained earnings (Losses carried forward)	-19.781.547	0
Loss for the year	-123.693.576	-199.228.786
Total shareholders' equity	**42.099.515**	**40.196.831**
LIABILITIES		
Non current liabilities		
Provisions for risks and charges	96.444	123.566
Loans and other financial payables	120.787.694	248.484.227
Payables due to football clubs for Transfer Campaigns	70.254.395	52.716.203
Deferred tax liabilities	6.877.896	7.277.056
Other non-current liabilities	26.472.042	21.796.787
Non-current advances received	8.730.687	8.604.710
Total non-current liabilities	233.219.158	339.002.549
Current liabilities		
Provisions for risks and charges	3.812.183	7.690.928
Loans and other financial payables	267.791.048	30.779.318
Trade payables	35.225.751	29.998.907
Trade and other payables due to related parties	1.085.340	1.175.791
Payables due to football clubs for Transfer Campaigns	148.925.389	111.827.541
Other current liabilities	73.925.812	79.051.183
Current advances received	27.889.709	39.258.393
Total current liabilities	558.655.232	299.782.061
TOTAL LIABILITIES	**833.973.905**	**678.981.441**

[10]

Figure 9 Juventus Balance Sheet 30/06/2024

INCOME STATEMENT JUVENTUS	30/06/2023	30/06/2024
Ticket sales	61.500.497	57.747.868
Audiovisual rights and media revenues	157.161.351	99.727.971
Revenues from sponsorship and advertising	150.280.938	132.558.275
Revenues from sales of products and licences	28.569.824	27.950.406
Revenues from players' registration rights	70.166.506	34.170.085
Other revenues and income	39.973.591	42.409.462
Total revenues and income	507.652.707	394.564.067
Purchase of materials, supplies and other consumables	-4.030.336	-4.395.420
Purchases of products for sale	-12.303.562	-14.433.996
External services	-94.059.408	-81.126.586
Players' wages and technical staff costs	-255.358.523	-239.039.380
Other personnel	-27.030.301	-25.065.528
Expenses from players' registration rights	-12.043.215	-22.214.748
Other expenses	-22.782.826	-13.838.946
Total operating costs	-427.608.171	-400.114.604
Amortisation and write-downs of players' registration rights	-159.134.997	-139.140.296
Depreciation/amortisation of other tangible and intangible assets	-14.507.663	-13.250.426
Provisions and other write-downs/reversals and release of funds	-5.691.459	-17.465.991
Operating income	-99.289.583	-175.407.250
Financial income	3.306.291	3.704.584
Financial expenses	-21.522.597	-24.812.895
Share of results of associates and joint ventures	157.487	460.977
Income (loss) before taxes	-117.348.402	-196.054.584
Current taxes	-6.589.426	-3.117.744
Deferred tax assets and liabilities	244.252	-56.459
PROFIT (LOSS) FOR THE YEAR	-123.693.576	-199.228.787
BASIC AND DILUTED EARNINGS PER SHARE	-0,049	0,710

[11]

Figure 10 Income Statement Juventus 30/06/2024

In the following sections, we will delve deeper into each component of the financial statements, analysing the factors contributing to these financial results, the impact of high debt levels, and potential strategies that Juventus could adopt to restore balance. These strategies might include better management of player acquisitions and wages, exploring new revenue streams (such as enhancing the stadium's commercial potential), and improving financial discipline to reduce the dependence on debt. Additionally, we will explore how these financial challenges could affect Juventus's ability to compete in the high-stakes environment of top-tier football, where financial power often translates to on-field success.

[11] https://www.juventus.com/en/club/investor-relations/statements/reports#0--season-2023-24

ASSETS ANALYSIS

To understand how value is created in a football club, it is essential to start from the asset analysis. These kinds of companies have a particular combination of tangible and intangible assets that are the base to create revenues. For the intangible assets next section will study the importance of the brand and what a club can do to expand it and the players' right, then the analysis will move to the tangible ones as the stadium, to discover how it is a source of many more revenues than just the ticket sold, and the TV rights which are the most significant source of revenues. Juventus assets will be used as a reference (Fig. 11) to better analyse this section.

ASSETS		
Non current Assets		
Players' registration rights, net	323.557.110,00	274.565.096
Goodwill	1.811.233	1.811.233
Other intangible assets	52.799.363	55.103.390
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Total Current Assets	160.607.426	130.792.132
TOTAL ASSETS	**833.973.905,00**	**678.981.441,00**

[12]

Figure 11 Juventus assets

The Brand

The Chelsea example shows that a club's accounting value is often far from its real value. One of the principal reasons for this is that the balance sheet does not reflects the brand. But why this could affect so much the club price? Because the brand means everything for a club. It represents its history, its values and the possibility to be recognized and advocated by its supporters. A strong brand allows a club to differentiate itself in a highly competitive industry, attracting top players, lucrative partnerships, and a loyal fan base. clubs like Real Madrid, Manchester United, and Juventus have leveraged their brand

[12] From Juventus balance sheet

equity to secure multi-million-dollar sponsorship agreements and expand their presence in international markets. Furthermore, the stronger the brand, the higher the revenues from merchandise and the possibility to obtain better TV rights agreements.

The brand value is not represented in the balance sheet since it is an internally generated intangible asset, but for all the reasons expressed before it is essential for a club evaluate it and try to increase its value. To do so the company Brand Finance publishes every year the “Football 50” (Fig.12) a rank of the 50 most valuable clubs, redacted analysing 3 key factors:

- The brand strength indicator (BSI): Assesses the brand value by analysing metrics such as on-field performances, stadium presences, supporters’ engagement and impacts on socials.
- Royalty Relief Method: Estimates the value based on the price of royalties the club would pay if it did not own the brand.

- Financial Evaluation: Analyses the club's ability to attract investors and high levels partners.

Football 50 2024

Monetary values shown in **United States Dollar**

2024	2023	Logo	Name	Country	2024	2023	2024	2023
1 ▲	2		Real Madrid CF		$1,805M	$1,513M	AAA+	AAA+
2 ▼	1		Manchester City FC		$1,726M	$1,562M	AAA+	AAA
3 =	3		FC Barcelona		$1,653M	$1,425M	AAA+	AAA+
4 =	4		Manchester United FC		$1,498M	$1,412M	AAA+	AAA+
5 =	5		Liverpool FC		$1,478M	$1,411M	AAA+	AAA+
6 ▲	7		FC Bayern Munich		$1,325M	$1,140M	AAA+	AAA
7 ▼	6		Paris Saint-Germain		$1,294M	$1,174M	AAA	AAA-
8 =	8		Arsenal FC		$1,067M	$940M	AAA+	AAA
9 =	9		Tottenham Hotspur FC		$930M	$931M	AAA-	AAA-
10 =	10		Chelsea FC		$897M	$893M	AAA-	AAA-

13

Figure 12 Football 50 2024

From a careful observation of Fig 11 it emerges, as previously mentioned, that the brand value is not only related to the on-field success. For example, Manchester United occupies the 4th position, despite having won very little in recent years both nationally and internationally. The Manchester-based team is in this position because of its history of success and the large number of fans worldwide.

The necessity of a strong brand, along with a large fanbase and history, is the reason why football has significant entry barriers and why startup is not a common business model in this industry. It is much easier to enter in the sector buying an already existing club with their fans and history although there have been rare cases of the opposite. One example could be the Los Angels Football club (LAFC) foundation. When the Chivas' failure in 2014 freed up a space in MLS championship a group of local entrepreneurs decides to found the LAFC. The idea was to build from zero a community "Block by Block, Street by Street, One by One" so they tried to engage supporters with initiatives like "Beers, Songs and Drums". In few weeks some supporters group formed under the name "3252"

[13] https://brandirectory.com/reports/football

(Fig.13). The entrepreneurs built the club together with their fans, from the stadium design to the choice of the colours. They decided to build their business model on the creation of a community and a brand in which fans can identify in, rather than buying expensive old players like most of MLS and emerging championship teams (like Messi to Inter Miami or Cristiano Ronaldo to AlNassr) and this let them be more sustainable and their audience be loyal to the colours not to a Legend. Today LA FC is one of the strongest MLS teams arriving to win the title in 2022 with one of the largest fanbase in the country.

Figure 13 The 3252

14

Except for isolated cases like LA FC as has been said before it is rare and it has been possible because MLS is a league closed and self-regulated it could be really difficult to image happening the same in Europe. What often happens is the purchase by funds (usually Arab or American) of already existing teams in bankruptcy or in lower divisions, with the aim of restoring their finances, bringing them back to the top division, and assessing their resale, that's for example the Fiorentina, Paris Saint Germain or AS Roma case. One of the most recent cases, is the Como Calcio acquisition by *Sent Entertainment*,

[14] https://www.lafc.com/news/too-early-preview-lafc-vs-inter-miami-cf

a company controlled by the Indonesian group *Djarum* in 2019 while the club was in Serie C (3rd Italian division). The new board's goal was to bring it back in Serie A and build a strong brand to become a national-level top club. To do so they decided to move on two fronts: on one hand, investing money to build a very competitive team; as a result, two years after the acquisition, Como Calcio competes in the top tier of Italian football; on the other hand they decided to shape their brand around the image that people outside of Italy have of the city: a beautiful place, perfect for the celebrity rest, classy and artistic. So, they invited many international VIP (between them Andrew Garfield, Tom Hellis, Emma Roberts) (Fig. 14) to visit the city, watch a match and pose with the Como Calcio jersey; they organised concerts before games; hired a popular legend like Fabregas as coach and made English their principal communication language. Como ended saved from relegation in its first season in Serie A and it is ready to invest more money next season to increase their importance into the maximum Italian top league.

Figure 14 Keira Knightley and Michael Fassbender in Semigallia Stadium

15

Now the question is: how can a club increase its brand value without being sold to foreign investors who inject large amounts of money only to resell the club at a higher price later? Is there a sustainable way for a club like Juventus to preserve and strengthen its identity?

A club as Juventus has various ways to do so; the easiest one is obviously obtaining on-field results and buying better players. As mentioned above brand is linked to popularity

[15] https://www.ilpost.it/2024/12/16/vip-attori-partite-como-calcio-perche/

and there is no better way to increase popularity than win and acquire champions. Next chapter will analyse how complex in reality this transition can be, and it has already been stated that better players do not always lead to better performance. But there are investments, a club can make, that are much less costly and with much less uncertain results. Juventus is a good example of this because, in 2017, they started a rebranding strategy that included buying Cristiano Ronaldo, one of the best players in history, and attempting to become a globally recognized brand also off the field. The first decision was very controversial among the supporters due to the change of the old historical logo (Fig.15). The logo is the face of an organization, it is what makes the customer associate anything to the company, so it is essential that reflects its values and ambitions. Juventus decided to do this to show the world it had become more than an Italian football club, but a young international sport-lifestyle brand choosing a more recognizable symbol that was as close as possible to the world of fashion.

Figure 15 Juventus old and new logo

[16]

In order to become a sport-lifestyle brand, Juventus aims to expand into different industries and internationalize itself. To achieve this, they started many collaborations with popular fashion brands like Palace Skateboards, Père, Pharrell Williams, and The North Face, releasing football shirts and streetwear clothing. To increase popularity, they had to change their communication strategy, trying to reach a world-spread audience. In 2021, Juventus opened the Juventus Creator Lab (Fig.16), a space dedicated solely to content creation, where popular national and international influencers like Celine Dept (3

[16] https://www.gazzetta.it/Foto-Gallery/Calcio/Serie-A/17-01-2017/juve-ma-non-solo-quando-cambio-logo-fa-discutere-180452737491.shtml

million followers on Instagram) and Luca Campolunghi (892k followers) work together with the young marketing team. This lab produced the first documentary made by a football club presented at the Venice Film Festival and two series with Prime Video that show the behind-the-scenes of a Juventus season.

In 2025, to be perceived as an innovative brand, they become the first club to land on the moon, taking part to the mission *Lunar Voyage 1*.

To become an international brand, it is essential to be known in strategic markets like Asia and the USA. To achieve this, Juventus organizes international tours almost every summer, visiting countries like Indonesia, the USA, and China, playing big-matches there and launching local collaborations.

Becoming an international sport-lifestyle brand is a challenging and innovative strategy and Juventus is one of the first in the world to pursue it doing a great job in the process, achieving the 11th position in the Football 50 in 2022 and the 1st in Italy. However, despite the strong brand building and communication efforts the club has made in recent years, poor investments and decisions in the sports area (as discussed in the next section), the COVID-19 crisis, scandals, and penalties have led Juventus to consistent losses, as analysed in the previous chapter.

[17]

Figure 16 Juventus Creator Lab

[17] https://www.juventus.com/it/juventus-creator-lab/place

Players

By reading the Juventus assets in Fig.11, it could be noticed that the most impactful asset is *Players' registration rights*, with a value of € 323.557.110 in 2023 and € 274.565.096 in 2024. This item represents the book value of the players under contract. Players are employees, so they can't be considered assets themselves, but the multi-year rights to exploit their contracted performances can be.

Before being involved in fashion, movies, and even lunar expeditions company, Juventus is a football club and like in any sport the talent is the raw material to participate and compete in the industry, so it is normal that players represent more than 50% of the total assets of a club. Moreover, players are much more than simple employees: they can also be a source of capital gains, an increase in merchandise sales, and a magnet for new sponsors. Ultimately, we have already emphasized how heavily a club's economic performance depends on its sporting performances.

Evaluating a player could be a difficult exercise, his price could change according to his age, the League he competes in, his contractual status, his previous performances, the possibility for his club to substitute him and their willingness to sell, the relationship with his club, coach and teammates. Football market is characterized by a high grade of information because of the public interest on every news so if a player argues with his coach who decides not to make him play for a while and asks the club to sell him, every competitor knows it and the price drops.

For those reasons it is impossible to establish an objective value for a player, there are some platforms like Transfermarkt that try with its algorithm to set a base value for each player that could be reliable but has to be remembered that the price remains the result of a negotiation, so it is a product of human subjectivity.

Between all the factors mentioned before, some are difficult to predict, as the rapport with the coach and teammates, others are not and can be considered in investing decisions. First of all, the players' price tends to follow a cycle: it increases until around player's 30s and then begins to decry to their retirement. Another factor could (and should) be managed is the player's contract power; footballers have determined time contracts (in Italy the maximum is 5 years) after which they are free to leave the club and join any competitor for free. Maintaining in the roster a player that wants to leave is damaging for

both the parties, the club will pay the wages of a demotivated employee and risk to lose an asset for nothing. On the other hand, the player will experience a decrease of his value and a subsequent reduction of his potential future wage. In the early years of a contract, clubs tend to have more bargaining power, as the risk of losing the player for free is lower, and they can leverage transfer value in case of interest from other clubs. Indeed, if in this period the player wants to leave and digs in his heels, he risks spending his contract years on a bench losing important career opportunities. Instead in the last years, the club tries to sell as soon as possible the player if he doesn't want to renew the agreement. In fact, a widespread knowledge of his willingness to leave can decrease his price on the football market.

Transfermarkt values Juventus' roster 2023/2024 € 504,53 million, even though it has been said that their estimation is not 100% precise because they do not consider many factors and negotiations, this value is too far from the book value of € 274.5 million (in any case Transfermarkt tends to undervalue). This happens for 3 main reasons:

1) Players are exchanged as any assets at the fair value, in other words, they are valued at the fair value (the price of a potential sale), not at the purchase price recorded in the balance sheet.
2) The book value recorded in the balance sheet is net, so the price is reduced by the amortization. Each player when he is bought, is initially recorded at the purchase price, any year this value is reduced by the total amount divided by the number of years in the contract.
3) The players' price in the last 10 years has been subject to a phenomenon of fast-growing inflation (Fig.17) caused mostly by the increase of revenues from TV rights and by the entry of Middle Eastern funds into the industry with almost unlimited capital and growing investments in players from Premier League clubs. The CIES football observatory estimated a football market inflation at 9% in 2023.

Season	Summer	Winter	Total
2014/15	3'300€M	797€M	4'097€M
2015/16	4'286€M	1'259€M	5'545€M
2016/17	5'008€M	1'693€M	6'701€M
2017/18	6'574€M	1'701€M	8'275€M
2018/19	6'349€M	1'841€M	8'190€M
2019/20	7'700€M	2'002€M	9'702€M
2020/21	4'568€M	856€M	5'424€M
2021/22	4'729€M	1'681€M	6'410€M
2022/23	6'987€M	2'133€M	9'120€M

[18]

Figure 17 Transfer fees (€ million), add-ons included

These are the main reasons why the fair value differs so much from the book value. In next sections we are going to understand how this gap is essential for the survival of a club.

Stadium

Continuing the assets analysis, it can be seen in Fig.11 that after players' rights the most significant asset is Land and Buildings with a value of € 171.930.651 in 2023 and € 167.428.449 in 2024. This item includes the stadium and the training centre. A stadium is not only the field where the club plays its home matches, but also, as it will be analysed in the next part, a huge source of revenues. The club is not always the owner of the stadium it plays in; there are 3 main stadium management methods:

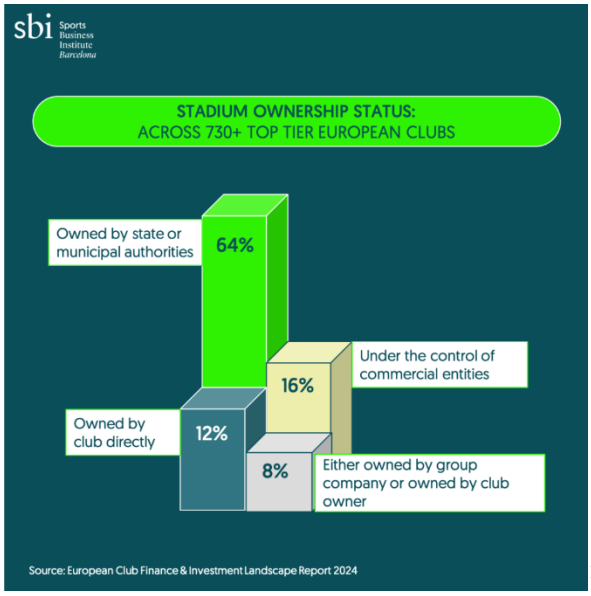
1) The stadium can be owned by the municipality or an entity, and the club uses it by paying a rental fee. Examples of this could be Inter and Milan whose Stadium is owned by Comune di Milano or AS Roma and Lazio with CONI.
2) The stadium can be owned by a third-party and leased to a club. For example, in 2005 Borussia Dortmund sold its historic stadium Westfalenstadion to the private equity fund Molsiris and leased it back for 16 million per year to save itself from the failure.

[18] https://football-observatory.com/Inflation-in-the-football-players-transfer-market

3) A club can own its stadium or build a new one like Juventus.

The third option is for sure the most profitable; owning the stadium allows the club to use it even on non-matchdays and to increase the ticket price resulting in higher revenues, but we will analyse this phenomenon better in next chapter.

Building a stadium, however, is a significant investment for a club despite the revenue increase it could generate. For the Barcelona Sports Business institute only 12% of clubs own their stadium (Fig 18).



[19]

Figure 18 Stadium Ownership Status

Building a stadium is a huge investment and club have to find a way to finance it, in 2026 Arsenal has opened the Emirates Stadium, a project that has cost around € 430 million; to do so they demolished the old Highbury stadium to build a resident complex to sell on the real estate market (Fig.19).

[19] https://www.sbibarcelona.com/news/stadium-naming-rights-underutilized-in-european-football

 [20]

Figure 19 New residential complex Highbury

Juventus has inaugurated in 2012 the Juventus Stadium (today, Allianz Stadium). To make this investment the club bought in 2003 the right of superficies of the old Delle Alpi stadium for 25 million. The initial idea was to renovate it, but in 2008 the project was changed, and a new € 104 million project was approved for the building of a new stadium. To finance the new project Juventus sold the naming rights for 12 years to *Sportfive*, company of the *Lagardère Sports group*, this agreement envisioned the possibility to build partnership to allow changes in the stadium's name. So, when Allianz signed on in 2017 as the new stadium sponsor, for Calcio & Finanza, *Lagardére* received the 15 million of the agreement (Allianz pays also 1.5 million per season to Juventus). Still to finance the new construction, Juventus sold part of the right of superficies to the supermarket chain Nordconad in 2008. Thanks to these financing activities Juventus could become the first Italian club to have its own stadium.

How is it possible to estimate the value of a Stadium or training centre? As any asset they are valued at the Fair Value. The difficulty in this evaluation lies in imagining potential buyers. In football, unlike other sports, clubs are deeply rooted in their local territory, and no team would purchase a stadium in another city. Moreover, also inside the city it would be absurd for example to imagine Torino buying the stadium of their eternal rivals, Juventus. There are few cases of third-party acquisitions like the already mentioned Borussia Dortmund sell and leaseback operation or some different selling operations like the Arsenal's one or the sale of the Ciudad Deportiva land (the old Real Madrid training centre) for 80 billion pesetas (€ 480 million) used by the Spanish club to build the new centre and to finance the creation of the super team that today everyone knows.

[20] https://www.aboutplants.eu/notizie/paesaggio/Highbury-da-stadio-a-complesso-residenziale

If estimating the fair value is so difficult and the accounting value is not reliable what is a Stadium real value? The best way to evaluate it is to analyse the future Cash flows and to calculate the present value. In Part 3, using the Alessandro Giudice analysis of the Juventus investment for the Allianz Stadium realization in the book "La Finanza del Gol", we will understand the revenues a stadium could generate and if it is a valuable investment for a club.

FINANCING ANALYSIS: Equity or Debt?

After the asset analysis, it is important to understand how to finance them. So, in this part it will be analysed how a club can finance itself through its resources (equity) or resorting to debt. This decision depends on multiple factors like the company's structure, growth objectives and its ability to attract investors or obtain credit from financial institutions. In the following sections, we will explore the pros and cons of each and determine whether one is preferable to the other.

Governance Models

Before discussing financial sources, it is important to make brief digression to understand the different governance models in football. These vary, and the management of capital and decision-making processes depend on them.

1) *Private ownership*: The club is owned by an individual who takes all financial and strategic decisions. This model favors quicker decision-making and allows the club to maintain a long-term vision. It is characterized by financial stability, provided when the owner is solid, as seen with Berlusconi's Milan or Moratti's Inter. These wealthy entrepreneurs invested large sums not necessarily seeking a return on investment but rather to enhance their public image and popularity. This model is very common in Uk and an example could be Manchester United.
2) *Public traded club*: The club is listed on the stock market, and the shareholders can influence the decisions. These kinds of clubs are characterized by more transparency due to the obligations set forth by European regulations. One advantage is that they can raise capital through the stock market but there is risk

of speculations and increased pressure on financial performance. Juventus is one example being listed on Borsa Italiana.

3) *Membership-based club*: The club is owned by supporters who vote for the leaders and make key decisions, such as electing the president. This model fosters greater supporter engagement and protects against hostile takeovers. On the other hand, the decision-making process is slower, raising capital can be more challenging, and there is a risk that some decisions may be driven by emotions rather than rational economic considerations. This model is popular in Spain where it is adopted by both Barcelona and Real Madrid and in Germany where single investors can't hold more than the 49% of the shares.
4) *Multi-club ownership*: This model has been spread in Europe in the last 10 years, and it is characterized by one individual/company that owns clubs in more countries and leagues. This model simplifies synergies between clubs, resource optimization, lets competences sharing and encourage players development. This model often is subject to limitation imposed by federations (in many leagues is prohibited to owe more than one club participating the same competition) and can generate conflicts of interest. One example is the City Football Group that owns many clubs including Manchester City, New York City FC and Palermo. Fig. 20 and 21 shows the today most important group operating in football.

Investors	Football Investment Count	Investor Type	Investor HQ Country	Clubs Invested In
City football	13	PE/SWF	UAE	
SILVERLAKE	13	PE	USA	
777 PARTNERS	8	PE	USA	
MSP SPORTS CAPITAL	7	PE	USA	
Red Bull	6	Corporate	Austria	

Figure 20 Most Active MCO Investors (1/2)

21

Investors	Football Investment Count	Investor Type	Investor HQ Country	Clubs Invested In
ARES	4	PE	USA	
EAGLE FOOTBALL	4	HNW	USA	
INEOS	4	Corporate/HNW	UK	
REDBIRD CAPITAL PARTNERS	3	PE	USA	
CORE SPORTS CAPITAL	3	PE	Switzerland	
ARCTOS	3	PE	USA	
SPORT REPUBLIC	3	VC	UK	

Figure 21 Most Active MCO Investors (2/2)

5) *Institutional Investors model*: The club is owned partially or completely by investment funds or by sovereign wealth funds (like Paris Saint-Germain owned by Qatar Sports Investments). The pros of this model are the great financial resources and the possibility to build ambitious projects. This model is becoming increasingly frequent in football today, but it constantly risks facing sanctions from federations due to attempts to bypass regulations that ensure fair competition.
6) *Hybrid Models*: Combinations of different models, owned for a part by supporters and the rest by private investors. That's for example the Bayern Munchen example, the Deutsch club in which 75% of the shares are held by its fans and the remaining 25% is divided in equal parts between Audi, Adidas, and Allianz (8,33% each). Despite the possible governance complexity this model may generate can provide a balance between the supporters' engagement and financial stability.

[21] https://www.aranca.com/assets/docs/Investment-Landscape-of-European-Football.pdf

Equity

Equity represents the residual interest in the assets of a company after deducting liabilities. It includes capital invested by the owners, retained earnings, and other reserves. To increase equity, a club can follow different procedures depending on its corporate structure: if it is privately owned, the owner can inject capital; if it is listed, the club can raise capital by issuing new shares on the stock market. Being listed helps the club access larger and more diversified capital, making it easier to raise money. However, today, few clubs are listed on the stock market, including Juventus, Manchester United, Borussia Dortmund, and Lazio. That's because, on the one hand, it is easier to raise capital, but on the other hand, being listed brings with it many burdens. These clubs must answer to shareholders and maintain a constant focus on financial results. Moreover, they can be subject to speculation; the value of their shares, and consequently the company value, can fluctuate based on sporting performance. For these reasons, in 2022, AS Roma was officially delisted from the stock exchange.

The value of shareholders' equity can be measured in various ways, which will be explored in detail in Part 3. Here, we will only see that, according to Juventus' financials, it is stated that the total shareholders' equity decreased from € 42 million in 2023 to € 40 million in 2024, despite the € 200 million capital increase in March 2024, which was primarily used to offset accumulated losses and did not result in a net improvement of the equity position. Furthermore, Juventus' financials show that equity accounts for only 13% of the club's capital structure. But is this a good choice? Is it more advisable to increase capital or to resort to debt financing? For sure, equity has a lot of advantages: it has no repayment obligations, no interest, and reduces the default risk in case of economic difficulties. On the other hand, though, for the owner or the investors (if the club is listed), the club is an asset, an investment, and they cannot add capital indefinitely. The era of football being financed solely by wealthy benefactors is fading; today, long-term sustainability is essential for football clubs. The capital increase should be considered a last resort for companies that are strong enough to absorb it. Furthermore, it should be added that UEFA is implementing regulations to prevent unsustainable clubs from overspending through capital injections. Indeed, since 01/01/2025 the new UEFA

Financial Fair Play regulations, effective from January 1, 2025, stipulate that clubs cannot spend more than 70% of their revenues.

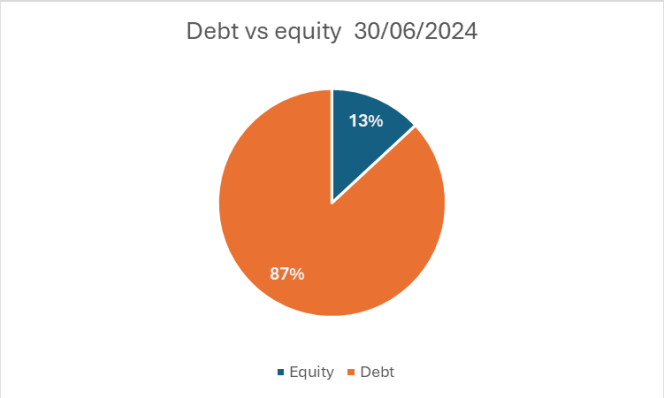
Debt

Debt is an external source of financing, source alternative to equity; it refers to the funds a company borrows, typically through bank loans or by issuing bonds, which must be repaid over time with interest. Debt gives the company immediate liquidity to invest or repay other debt. There are different sources of debt a club can access, with long- and short-term options:

1) Bonds: A club can issue bonds as a way to raise capital by selling them to investors in exchange for periodic interest payments and full repayment at maturity. For example, in 2022, Inter issued a bond for € 415 million with maturity in 2027 to repay its debt.
2) Bank loans: The club borrows money from the bank. These are most often used to finance stadium renovations, projects, or player acquisitions. Juventus took out a € 24 million bank loan to finance the portion of the Allianz Stadium construction not covered by the sale of surface and naming rights.
3) Secured debt: It is a loan backed by a specific asset, meaning that if the club fails to repay the debt, the lender has the right to seize and sell those assets. The most common collateral in football is the stadium or infrastructure and broadcasting revenues. For example, Barcelona (the most indebted club in Europe) sold 25% of the income from TV rights to the company Sixth Street for 25 years.

Today, European football is in crisis, as we will see in Part 2. More and more clubs are recording losses in their income statements, and as mentioned earlier, investors/owners can't and don't want to cover those indefinitely. Therefore, clubs have no choice but to take on debt. By looking at Juventus' balance sheet, it is possible to calculate the equity

and debt percentages on the Enterprise value (Debt+ Equity – Cash & Cash Equivalents) as in Fig. 22 which underlines the strong prevalence of debt in the leverage ratio.



[22]

Figure 22 Debt and Equity on Enterprise Value

[22]Created by the author basing on data taken on Juventus Balance sheet

The Premier League, which is the richest league, has more than £3.6bn of cumulative net debt, according to BBC Sport (Fig.23).

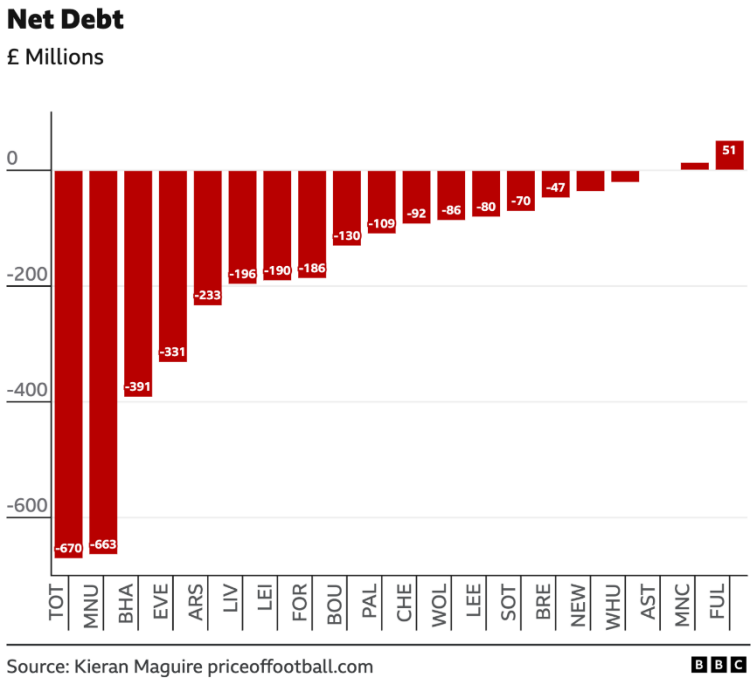


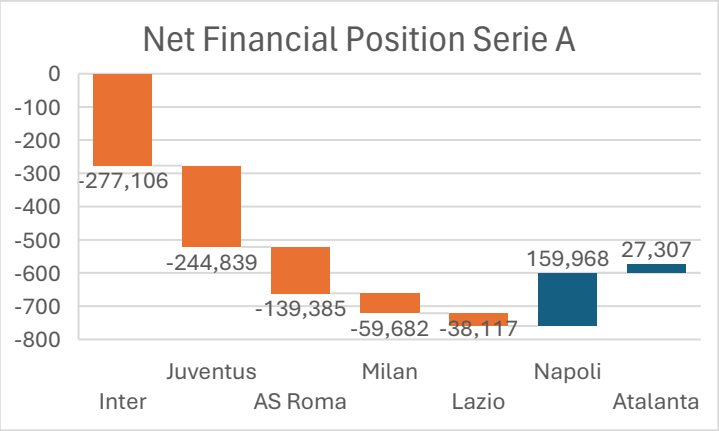
Figure 23 Net Debt Premier League 2024

23

Also, for the other championships, the situation is similar. In Serie A, the aggregate net debt for the league in 2024 is € 4.6 billion, according to Calcio & Finanza. The most

[23] https://www.bbc.com/sport/football/68713522

indebted club is Inter (€ 734.8 million), followed by Juventus (€ 639.0 million) and AS Roma (€ 636.3 million), as shown in Figure 24.



[24]

Figure 24 Net Financial Position Serie A 2023/24

All this shows us that football is in crisis. Most clubs are in losses and have tried to cover them with debt, and they are still trying to pay that debt by taking on more debt. The problem in this process is that, as mentioned earlier, football is unpredictable, and the revenues depend on sporting performance. clubs borrow money to invest in better players, but this is not guaranteed to lead to success (and produce more revenues). If this doesn't happen, they record losses in the income statement and have to borrow more money. This business model is no longer sustainable, and in Part 4, at the end of this analysis, we will explore solutions to break out of this negative cycle.

[24] Created by the Author basing on data from: https://www.calcioefinanza.it/2024/12/25/debiti-squadre-serie-a-2024-inter-milan-juventus/?refresh_ce

CHAPTER 3

COST ANALYSIS

In this part, we are going to explore the income statement to better understand how and why clubs like Juventus are in crisis, reporting the losses we saw above. In addition, the income statement, as we will soon see, plays a key role in UEFA Financial Fair Play (FFP) compliance. This analysis starts by assessing the costs incurred by a club. To better investigate Juventus costs, in Fig. 25, they are recalled from Chapter 1.

Purchase of materials, supplies and other consumables	-4.030.336	-4.395.420
Purchases of products for sale	-12.303.562	-14.433.996
External services	-94.059.408	-81.126.586
Players' wages and technical staff costs	-255.358.523	-239.039.380
Other personnel	-27.030.301	-25.065.528
Expenses from players' registration rights	-12.043.215	-22.214.748
Other expenses	-22.782.826	-13.838.946
Total operating costs	-427.608.171	-400.114.604
Amortisation and write-downs of players' registration rights	-159.134.997	-139.140.296
Depreciation/amortisation of other tangible and intangible assets	-14.507.663	-13.250.426
Provisions and other write-downs/reversals and release of funds	-5.691.459	-17.465.991

[25]

Figure 25 Juventus costs

Player acquisitions and Amortizations

It is well understood that sports performance is the driving force behind the entire value cycle in the football industry. Indeed, it comes as no surprise that the highest expenses are related to player acquisitions and wages as the talent is the main factor that can lead to sport success. We have already analysed how the player's price is difficult to establish and the possible factors that can affect it. It is important to underline that when a club does not only pay the established price to the other club, but often the contracts include a percentage for the player's agent, a signing bonus for the player, and possible future bonuses as incentives to play better and these makes the final price paid growth. This, summed to the crisis in which clubs are today and to the growing attention to the financials because the entry in the market of investors and fund, explain why clubs today pay great attention to their expense and try to split in more years the purchasing costs (for example Juventus bought Locatelli in 2021 by Sassuolo; the sellers asked for € 40 million

[25] From Juventus Income statement

and they agreed for almost € 37 million payable in 3 years after 2023), recurring to debt or amortize them in more years as much as possible.

When a player is bought the cost is recorded in the balance sheet as an asset, as previously mentioned and any year this value is reduced by the amortization calculated dividing the acquisition price by the years of the contract. The price that remains after this deduction, is the net book value (NBV). When a player it is sold, if the selling price is greater than its NBV, the club will record a Gain in their income statement as a revenue (we will analyse better the importance of the Gains in next section), if it is lower the club records a cost: the loss.

Let's give an example, we can imagine a club that decides to buy 5 players of 28 years for € 50 million per each and decides to keep them until the end of their contracts. At first Year, they club will record the player registration rights on the balance sheet for € 250 million reduced by the € 50 million of amortization so an NBV of 200 as in Fig.26.

YEAR 1	Purchase price	Years left on the contract	NBV	Ammortization	Average age
Player 1	50	5	40	10	28
Player 2	50	5	40	10	28
Player 3	50	5	40	10	28
Player 4	50	5	40	10	28
Player 5	50	5	40	10	28
Total	250	5	200	50	28

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Figure 26 Amortization year 1

We can see (Fig. 27 and 28) that as time goes on the NBV of players decrease and their age increases, so selling the player would be always more a better option but our team has decided to no sell them until the end of their contract.

YEAR 2	Purchase price	Years left on the contract	NBV	Ammortization	Average age
Player 1	50	4	30	10	29
Player 2	50	4	30	10	29
Player 3	50	4	30	10	29
Player 4	50	4	30	10	29
Player 5	50	4	30	10	29
Total	250	4	150	50	29

Figure 27 Amortization year 2

[26] Created by the author basing on his hypotesis

YEAR 3	Purchase price	Years left on the contract	NBV	Ammortization	Average age
Player 1	50	3	20	10	30
Player 2	50	3	20	10	30
Player 3	50	3	20	10	30
Player 4	50	3	20	10	30
Player 5	50	3	20	10	30
Total	250	3	100	50	30

Figure 28 Amortization Year 3

YEAR 4	Purchase price	Years left on the contract	NBV	Ammortization	Average age
Player 1	50	2	10	10	31
Player 2	50	2	10	10	31
Player 3	50	2	10	10	31
Player 4	50	2	10	10	31
Player 5	50	2	10	10	31
Total	250	2	50	50	31

YEAR 5	Purchase price	Years left on the contract	NBV	Ammortization	Average age
Player 1	50	1	0	10	32
Player 2	50	1	0	10	32
Player 3	50	1	0	10	32
Player 4	50	1	0	10	32
Player 5	50	1	0	10	32
Total	250	1	0	50	32

27

Figure 29 Amortization Years 4 and 5

As can be seen at the end of the 5th year (Fig 29), all the € 250 million have been amortized but also the years of contacts have expired, and the club lost those players without gaining anything and will have to invest € 250 (or more due to inflation) to buy 5 new similar players. In this way the club has destroyed value, in the revenues section we will see what strategy the club could adopt to avoid this.

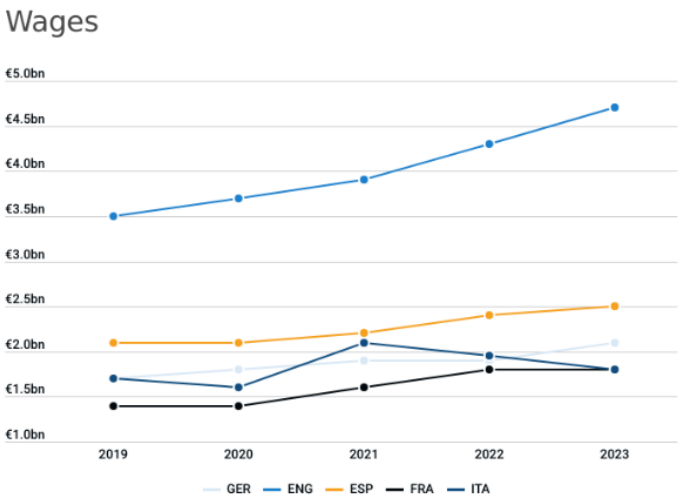
Salaries

While the players' acquisition expenditures are, as previously mentioned, recorded on the balance sheet, the highest cost component is salaries. For Juventus, this represents the 60% of the club's annual costs, the reason is still the same, the talent is the raw material to produce any revenues (and to play the game since, without players, it would not even be possible to play a match).

[27] Created by the author as example

The salary usually consists of a fixed base salary, a bonus salary based on loyalty or performance, which can be awarded on an individual or team basis. For example, the club may offer a bonus if the team qualifies for the Champions League (that as we will see assure them more revenues) or choose to reward a player if he scores a specific number of goals. These incentives are the result of negotiation when the player is purchased or can be concessions from the club to incentivize and engage the player.

If on one hand it is normal that wages are the highest expense for a club, it is essential to manage this cost and try to reduce it as much as possible without lowering the team's talent level in the roster. To control this value there is the Wage-to-revenue ratio or simpler Wage Ratio calculated as $w/r = \frac{Total\ Wages}{Total\ Revenues}$. UEFA suggest this ratio should not exceed the 70%. Today, salaries in football are experiencing unsustainable growth, increasing at an exponential rate that revenues can no longer keep up with. This trend is driven by several factors, primarily the influx of large capital into the Premier League. Combined with the league's significantly higher revenues, Premier League clubs are able to afford greater expenditures and higher salaries. This has triggered a domino effect in which all clubs, in order to remain competitive, are forced to maintain extremely high wage levels, a cycle that continues to this day. The possibility of Premier League to offer higher salaries creates a sort of "Super League" in which any player dream to play and makes the other leagues less competitive, as it can be seen in Fig. 30.

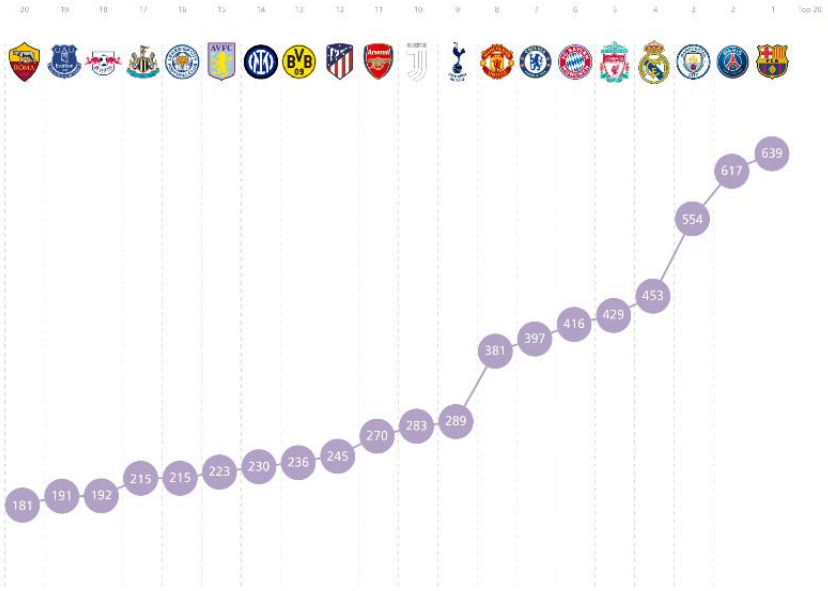


[28]

Figure 30 Big 5 wages comparison

Fig. 31 and Fig. 32 come from *The European xlub Finance and Investment Landscape* (A yearly report on European football by UEFA), show the 20 most important European clubs wages (31) and their wages ratio (32). We can see that the 50% of the clubs how spend more on salaries are from Premier League and seven out of twenty clubs exceed the 70% threshold.

[28] https://www.linkedin.com/pulse/analysis-footballs-income-surge-offset-rapid-wage-inflation-ezkwf/



29

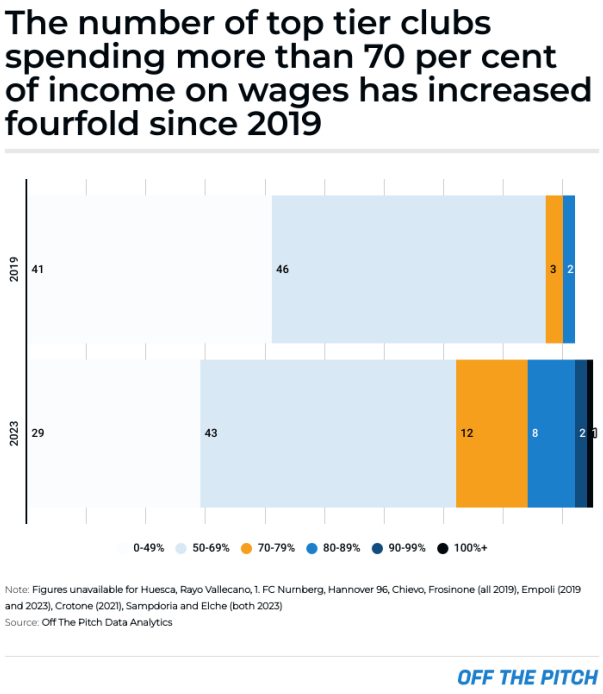
Figure 31 Top 20 wages in million €

30

Figure 32 Top 20 wages ratio in million €

[29] https://ecfil.uefa.com/2023
[30] https://ecfil.uefa.com/2023

Fig. 33 shows how the number of clubs with a wage ratio which overcomes the UEFA standards has sharply increased by 2019.



[31]

Figure 33 number of clubs with wage ratio higher than 70%

In summary, football is in crisis. While the Premier League thrives with the highest revenues, wealthiest investors, and highest wages, other leagues struggle with financial losses, trying to increase their wage expenditures to compete with English clubs, worsening their economic conditions and going into debt, thus feeding this negative cycle.

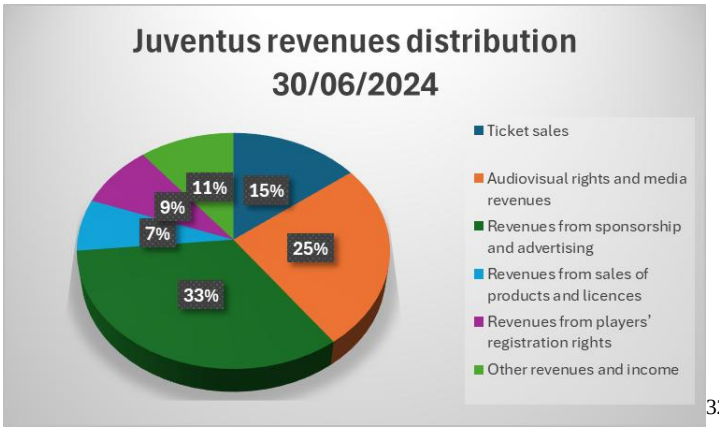
To understand the roots of this crisis, we must delve deeper, as we have only scratched the surface so far. How can football's greatest crisis be resolved? To answer this difficult question, it is necessary to finish this analysis to understand the big picture. At the end, we will discuss possible solutions. For now, what can be said is that better cost management is necessary. clubs must act individually and together (as we already said,

[31] https://www.linkedin.com/pulse/analysis-footballs-income-surge-offset-rapid-wage-inflation-ezkwf/

football is a co-petition) to stop this crazy pursuit of the wealthiest clubs and steer football in a more sustainable direction.

REVENUES ANALYSIS

After the cost analysis, we can now move on to the analysis of revenues. As usual, taking Juventus' income statement as a reference, we can build a pie chart representing their 2024 revenues in Figure 34, which amounted to a total of € 394,564,067.

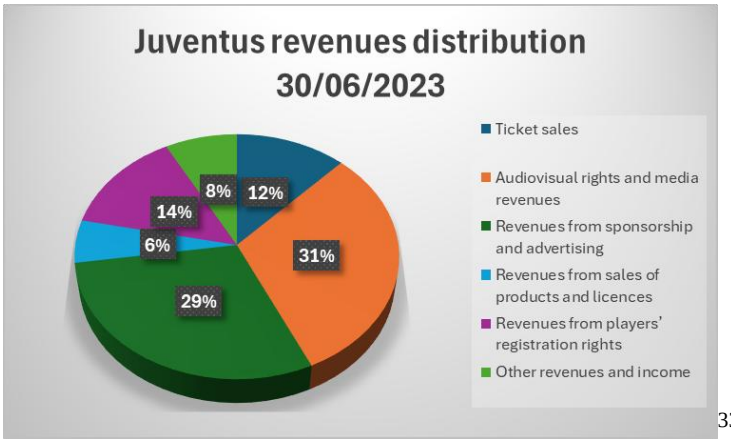


[32]

Figure 34 Juventus 2024 revenue pie

It is important to note that 2024 has been a particularly unusual year for Juventus; in fact, the club has been sanctioned by the sports justice system for falsifying its financial statements through fictitious capital gains. Leaving aside the implications of this sanction for now, it should be noted that the club was sanctioned by being excluded from European competitions for the 2023/24 season, depriving it of a significant portion of its revenue, including TV rights and bonuses tied to participation and advancement in those competitions. That's why revenues as of 30/06/2024 were € 113.088.640 lower than those as of 30/06/2023. Since Juventus is accustomed to participating in the Champions League, to provide a more accurate analysis, it is better to look at the 30/06/2023 income statement (see Figure 35).

[32] Created by the author using data from Juventus income statement



[33]

Figure 35 Juventus 2024 revenue pie

When it comes to revenues, the true gap between the Premier League and the other major European leagues becomes particularly clear. Over the years, the English top division has entered a positive cycle, establishing itself as the most important, with the best players and the most entertaining football. Whether these statements are true, or the point is only that football in England is more offensive, is a discussion useless in this thesis and we leave it to the pubs; what matters for us is stakeholders' perception. Premier League is seen today as the most international championship, perhaps because of its more offensive football style, the language spoken, or significant investments in stadiums and infrastructure but this let premier league clubs to benefit from significantly higher revenues (Fig.36) which means they can buy better players, invest more, and gain greater visibility, thereby reinforcing the cycle. The problem is that how we saw for the costs, other leagues are trying to emulate the Premier League model without having the same revenues, their history of investments or political reforms, and this is leading clubs to failure.

[33] Created by the author using data from Juventus income statement

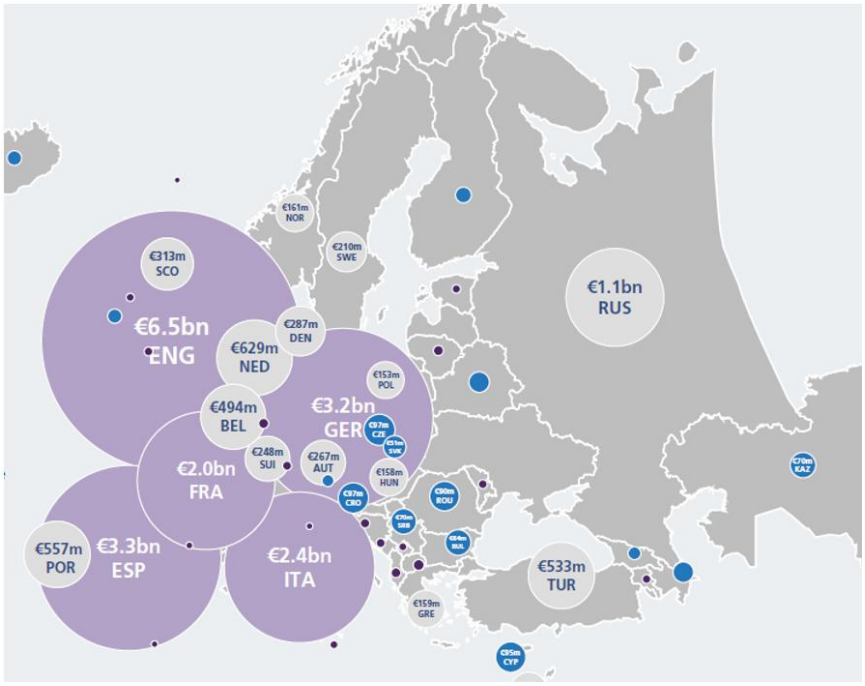


Figure 36 UEFA aggregate top division clubs' revenues 2022

34

Tv Rights revenues

By TV rights we mean the license granted to broadcasters or digital platforms to exclusively air football matches and related content. As can be seen in Juventus Balance sheet as of 30/06/2023, TV rights are today the main revenue driver for a club. While on one hand those are essential for their financial health, on the other hand TV rights are one of the sources of the crisis of football. But before arriving at this point it is needed to understand how TV rights and their distribution work.

TV rights can be divided into national and international rights, depending on whether they are sold for domestic broadcasting or for transmission abroad. They are the result of multi-year agreements with streaming platforms and digital broadcasters, during which the rights are auctioned off. In this field we can see the first difference between Premier League and the other leagues. The England-based league sold its national TV rights to Sky in 2024 for the record sum £ 6.7 billion (around € 7.8 billion) in a 4 years agreement;

[34] https://ecfil.uefa.com/2023

for comparison with other leagues, Serie A has sold its rights in the same period to Sky and DAZN for € 4.5 billion, La Liga has reached an agreement 2 years ago for a 5 years contract with DAZN and Telefonica for € 4.95 billion. Even abroad, the Premier League has much greater appeal with international +rights sold in the last agreement for £5.55 billion (around € 6.5 billion). All this as a direct and indirect effect on the competition between the European clubs:

- Direct effect: English clubs obtain more revenues from the TV rights and can spend more on the football market and repay its investors. Fig. 37 shows how Premier League has distributed the TV rights to clubs in 2023/24 with the older, cheaper agreement. It is possible to note that Sheffield United has obtained £109.7 million (more or less € 128 million), FC Inter that won Serie A got € 101 million.
- Indirect effect: The broader international broadcasting of Premier League matches allows English clubs to grow their brands and global fanbases more rapidly and efficiently, without incurring additional marketing costs. This widespread visibility reinforces the perception of the Premier League as a premium competition, making it increasingly attractive to top players from around the world.

Premier League | 2023/24 Payments to Clubs

Club Name	Live	UK			International			
		Equal Share	Facility Fees	Merit Payment	Equal Share	Merit Payment	Central Commercial	Total Payment
Manchester City	28	£31.2m	£24.4m	£33.8m	£55.7m	£22.6m	£8.2m	£175.9m
Arsenal	31	£31.2m	£26.9m	£32.1m	£55.7m	£21.4m	£8.2m	£175.5m
Liverpool	29	£31.2m	£25.2m	£30.4m	£55.7m	£20.3m	£8.2m	£171.0m
Aston Villa	22	£31.2m	£19.4m	£28.7m	£55.7m	£19.2m	£8.2m	£162.4m
Tottenham Hotspur	28	£31.2m	£24.4m	£27.0m	£55.7m	£18.1m	£8.2m	£164.6m
Chelsea	25	£31.2m	£21.9m	£25.3m	£55.7m	£16.9m	£8.2m	£159.2m
Newcastle United	23	£31.2m	£20.2m	£23.6m	£55.7m	£15.8m	£8.2m	£154.7m
Manchester United	28	£31.2m	£24.4m	£22.0m	£55.7m	£14.7m	£8.2m	£156.2m
West Ham United	21	£31.2m	£18.5m	£20.3m	£55.7m	£13.5m	£8.2m	£147.4m
Crystal Palace	15	£31.2m	£13.5m	£18.6m	£55.7m	£12.4m	£8.2m	£139.6m
Brighton & Hove Albion	15	£31.2m	£13.5m	£16.9m	£55.7m	£11.3m	£8.2m	£136.8m
AFC Bournemouth	12	£31.2m	£11.0m	£15.2m	£55.7m	£10.2m	£8.2m	£131.5m
Fulham	12	£31.2m	£11.0m	£13.5m	£55.7m	£9.0m	£8.2m	£128.6m
Wolverhampton Wanderers	17	£31.2m	£15.2m	£11.8m	£55.7m	£7.9m	£8.2m	£130.0m
Everton	23	£31.2m	£20.2m	£10.1m	£55.7m	£6.8m	£8.2m	£132.2m
Brentford	17	£31.2m	£15.2m	£8.4m	£55.7m	£5.6m	£8.2m	£124.3m
Nottingham Forest	19	£31.2m	£16.9m	£6.8m	£55.7m	£4.5m	£8.2m	£123.3m
Luton Town	13	£31.2m	£11.8m	£5.1m	£55.7m	£3.4m	£8.2m	£115.4m
Burnley	10	£31.2m	£9.3m	£3.4m	£55.7m	£2.3m	£8.2m	£110.1m
Sheffield United	13	£31.2m	£11.8m	£1.7m	£55.7m	£1.1m	£8.2m	£109.7m
		£624.0m	£354.7m	£354.7m	£1,114.0m	£237.0m	£164.0m	£2,848.4m

Figure 37 2023/24 Premier League Payments to clubs

Talent, which, as previously mentioned, is an essential element for achieving both sporting and economic success, is an extremely scarce resource. Even though their

revenues are considerably lower, European clubs are forced to compete for talent in the same market as English clubs. This means that, in order to acquire top talent, clubs are forced to match the transfer fees and salaries offered by English teams, even though the last-placed Premier League club earns more than the highest-earning Italian club. This dynamic is further reinforced by the ongoing upward trend in TV rights revenues, which, as previously mentioned, have been steadily increasing for over 15 years. The most recent Premier League deal, combining domestic and international broadcasting rights, resulted in a 17% revenue increase for the league compared to the previous agreement and this pattern has been consistent over the years. For comparison, the very first Premier League broadcasting deal in the 1992/93 season amounted to just £304 million over five years.

The Premier League has thus become increasingly wealthy, enabling its clubs to spend ever higher sums to attract talent, inevitably dragging other European leagues into a spending race that they can hardly afford. If the difference is so large between the first Italian team and the last English, we can only imagine the gap with the last-placed club in the Italian league, especially considering that Serie A's broadcasting revenue distribution system is far more centralized and less merit-based than that of the Premier League. This structure tends to favour the wealthier, more established clubs, to the detriment of smaller teams and less prominent realities. The English distribution model is one of the reasons why it is the most competitive league, it is based on equality and meritocracy. All the Premier League income (only league that negotiate and manage their rights without the intervention and control of the federation) obtained from domestic TV rights is divided as follows:

- 50% equally distributed between all clubs (principle of equality)
- 25% based on the end year rank (principle of meritocracy)
- 25% based on how many times a club's matches are are broadcast live in the UK (facility fee)

Instead, international rights are divided equally between all the clubs.

It is interesting to study the division of another league as Serie A with a less agile organization, the participation of FIGC in the negotiation and a centralized structure. In Serie A, TV rights are governed by "*Legge Melandri*" written in 2017 and modified as follows in 2019:

- 50% of all rights is divided equally
- 28% based on sport performances (only less than 15% of them is related to the last year results, the remaining aims to reward the last 5 years performances and historic results)
- 22% is allocated based on social rooting, of which at least 5% of the 22% is linked to the playing time of Italian youth players.

From this is possible to understand how a club as Juventus or Inter independently from their performance is guaranteed most of the rights. So, even in this case, Inter receives less money than Sheffield it is possible to imagine the difference with a team like Monza or Venezia. All this, however, also works to the detriment of the top Serie A clubs, we have already talked about the co-petition, a league where there are so many poor clubs is much less interesting for the domestic and moreover for the international and this can be translated into less broadcaster's willingness to pay and lower TV rights. As said before value is a cycle, intervention is necessary to find a way to enter into the cycle and invert it through new rules and investments.

We have already noticed that TV rights are inflicting the market increasing constantly in the last 20 years their payments, but how broadcasters can manage this costs growth? The answer is simple; they are increasing the subscription price. In Italy, only in 2024 DAZN has increased twice the subscription price passing from € 45,99 to € 59,99 per month and this only allows access to Serie A matches; to see Champions League it is needed to be subscribed to Sky or Now and to Prime Video further increasing the cost for each supporter. To compare in 2015, it was possible to follow everything for € 33,90 per month. In Fig. 38 it is possible to see all the subscriptions a football fan must pay for follow his passions. In the last few years many new players entered into the market, fragmenting it. If on one hand this forced customer to subscribe to many platforms; on the other hand, the competition between broadcaster made the price paid for the rights increase (this explains in part the growing trend) so leagues favour as possible the entrance of new players.

Figure 38 A fragmented market

[35]

Fig. 39 shows the cost that a supporter in each country has to bear to follow football. Has to be mentioned that in Spain the subscription to football is sold together with the fiber-optic internet connection so obviously the price is higher.

[36]

Figure 39 Annual expense per nations to watch football

[35] https://www.chemneera.com/news-and-resources/risk-of-fragmented-future-in-sports-broadcastinghttps://www.chemneera.com/news-and-resources/risk-of-fragmented-future-in-sports-broadcasting

[36] https://www.calcioefinanza.it/2024/09/25/quanto-costa-vedere-il-calcio-in-tv-in-europa/?refresh_ce

Those data are more critical if we read in Fig. 40 where in the first column shows the average income per nation, in the second the annual cost for subscription and in the third the ratio to calculate the impact on average of subscription on the annual average income.

Figure 40 Cost on income per nation[37]

On one hand, broadcasters are purchasing rights at higher prices to win the competition against other broadcasters. This leads clubs to become wealthier and invest more, especially Premier League clubs, which drag others along with them, and therefore they need broadcasting rights prices to rise in order to counteract or sustain player inflation. On the other hand, consumers, the real victims of this situation, see their domestic leagues decline in quality as resources are funnelled only towards the big clubs trying to keep up with the Premier League. At the same time, they face increasing subscription costs from broadcasters who need to recoup their initial investment. This is a broken system, and we are rapidly approaching a point where fans will no longer be willing to pay, especially as a generational shift in interests has been observed over the last 2–3 years.

New generations have a reduced attention span and are not interested in football that's a slow game with few emotions in 90 minutes. They prefer to watch sport in other ways on social media or through highlights. In next part we are going to see how clubs are trying

[37] https://www.calcioefinanza.it/2024/09/25/quanto-costa-vedere-il-calcio-in-tv-in-europa/?refresh_ce

to comply with this change. For now, it is important to note that the interest for the broadcasted football is decreased, and the model based on indefinitely subscriptions price increase is no more sustainable.

This point has been supported by many who believe football must be modernized to follow the new generation tastes. One of the most destructive followers of this thought is Gerard Piqué, ex Barcellona and Spain defender, who in 2022 founded the Kings League, a new League played 7 against 7 which is free to watch trough YouTube and Twitch, that is promoted through social network and mixes football and entertainment thanks to the participation of influencers, football legends and crazy rules. In few years started from Spain, today there is an Italian Kings League with the Brazilian one set to start next year. The Kings League is unlikely to replace traditional football, but its fast growth underlines the change in customers tastes and the need to do something to change the unsustainable football business model.

Gains and losses from players' trading

In this section, we will add the final piece to our analysis of player trading. After discussing the asset of players' rights and analysing the costs related to player acquisitions, represented by amortization, we will now examine the revenues generated from talent sales: capital gains.

When a club sells a player, the player's right residual value (acquisition price - amortizations until the sale) written on the balance sheet is deducted from the sale price, the item is removed from the assets, and it is recorded on the income statement as a **capital gain**, if the sale price is higher than the residual value, under revenues, or as a **capital loss**, if the sale price is lower than the residual value, under costs. Journalists often assess a club's transfer balance by simply subtracting the money spent on players from the money earned through sales. For example, if a club has sold players for € 50 million and acquired talent for € 100 million, they said that the balance is € -50 million ignoring that revenues and costs are actually based on players' residual book values, not the total transfer fees. To better understand the value creation trough capital gains, we will take back the example used for last chapter for the club that does not want to sell its new five players destroying value; we can imagine another club which with the same operation

buy for the same price five 28 years players for € 50 million each. This time the clubs will agree to sell the players in order to create value. This time we will consider the player's fair value, and we will assume a grow due to football inflation with a 5% rate (a pessimistic assumption, considering the previously mentioned 9% Premier League estimate).

We assume in the first 2 years the situation remains the same, the club has 5 new players at the top of their physical performance as in Fig. 41.

YEAR 1	Purchase price	Years left on the contract	NBV	Ammortization	Average age	Market Value	Selling Price	Gains
Player 1	50	5	40	10	28	52,5	0	0
Player 2	50	5	40	10	28	52,5	0	0
Player 3	50	5	40	10	28	52,5	0	0
Player 4	50	5	40	10	28	52,5	0	0
Player 5	50	5	40	10	28	52,5	0	0
Total	250	5	200	50	28	262,5	0	0

YEAR 2	Purchase price	Years left on the contract	NBV	Ammortization	Average Age	Market Value	Selling Price	Gains
Player 1	50	4	30	10	29	55,13	0	0
Player 2	50	4	30	10	29	55,13	0	0
Player 3	50	4	30	10	29	55,13	0	0
Player 4	50	4	30	10	29	55,13	0	0
Player 5	50	4	30	10	29	55,13	0	0
Total	250	4	150	50	29	275,63	0	0

38

Figure 41 First 2 years

In period 3 (Fig.42), the club decides to sell 2 players to finance the purchase of 2 new 28 years talents. They sell Player 4 and Player 5 at a market value of € 57.88 million and buy at the same price Player 6 and Player 7. This is not a trade balance as journalists might claim, the club has written on the income statement revenues for € 75,67 million (Selling price – NBV) against amortization costs for € 53,15 million. The average age also decreases, with 29,2 against the 30 they would have maintaining Player 4 and Player 5.

YEAR 3	Purchase price	Years left on the contract	NBV	Ammortization	Average Age	Market Value	Selling Price	Gains
Player 1	50	3	20	10	30	57,88	0	0
Player 2	50	3	20	10	30	57,88	0	0
Player 3	50	3	20	10	30	57,88	0	0
Player 4	50	3	20	10	30	57,88	57,88	37,88
Player 5	50	3	20	10	30	57,88	57,88	37,88
Player 6	57,88	5	46,31	11,58	28	57,88	0,00	0,00
Player 7	57,88	5	46,305	11,58	28	57,88	0,00	0,00
Total	265,7625	3,8	152,61	53,15	29,2	289,40625	115,76	75,76

39

Figure 42 Year 3

[38] Author's elaboration
[39] Author's elaboration

In year 4 (Fig.43), the club decides to sell players 1,2 and 3 at their actual market value (€ 60,78 million) and to buy three players 8,9,10 younger (28 years) with a 5 year to substitute them with the same market value to not decrease the club talent.

YEAR 4	Purchase price	Years left on the contract	NBV	Ammortization	Average Age	Market Value	Selling Price
Player 1	50	2	10	10	31	60,78	60,78
Player 2	50	2	10	10	31	60,78	60,78
Player 3	50	2	10	10	31	60,78	60,78
Player 6	57,88	4	34,73	11,58	29	60,78	0
Player 7	57,88	4	34,73	11,58	29	60,78	0
Player 8	60,78	5	48,62	12,16	28	60,78	0
Player 9	60,78	5	48,62	12,16	28	60,78	0
Player 10	60,78	5	48,62	12,16	28	60,78	0
Total	287,31	4,6	215,32	59,62	28,4	303,88	182,33

40

Figure 43 Year 4

The club has now replaced all five players bought in period 0. Differently from the club who has decided to not sell anyone destroying the initial € 250 million ending without players, this time the company has reported in year 3 and year 4 revenues for € 75,76 and €152,33 million. Moreover, the team has still 5 players with an average age of 28,4 years still far from their physical decline, which can contribute to the team's successes or be sold later. Their contracts in fact, are long on average 4,6 years so the club has the maximum power in their hands, As previously mentioned, this strengthens the club's negotiating position.

Fig. 44 provides a resume what happened from the player acquisition in year 0 to the end of year 4. In this period, the club has sustained costs for € 212,77 million and Gains (revenues) for € 228,09. The club will end maintaining the same number of players with a final NBC written in the balance sheet of 215,32 and a final market value of 303,88 so they have the possibility to continue the business without the need of investing more money to buy other players.

Resume	Expenditure	Amortization	Final NBV	average age	total gains	average contracts duration	Final Market Value
TOTAL	548,09	212,77	215,32	28,40	228,09	4,60	303,88

41

Figure 44 Resume years 1-4

[40] Author's elaboration
[41] Author's elaboration

What come from this analysis is that capital gains from players' trading are based on the idea that football inflation continues to grow. If prices stopped rising, selling players would no longer be profitable, as clubs would record losses on their income statements under costs instead of gains from capital appreciation under revenues. As a result, clubs would stop selling and would keep players until the end of their contracts, forcing investors to step in continuously, as seen in the previous chapter. Therefore, the paradox is that while player price inflation is currently leading football towards collapse, it is nonetheless essential for the business model to function.

Another issue related to capital gains is that of fictitious capital gains. As mentioned, before it is really hard to establish the player's value, and in this chapter has been establish the importance of gains for a club. In last years, the practice of fictitious capital gains has become established, namely player exchanges between clubs at highly inflated prices in order to record higher revenues in the financial statements. To better understand this, it is possible to see the example in Fig. 45; we can imagine two teams (Team A and Team B) which want to exchange player 1 and player 2. Both the players have an NBV of € 5 million. Team A sells its player for € 10 million, and Team B do the same for € 20 million (maybe player 2 is better or younger). Liquidity changes in -10 for Team A (+10-20) and +10 for Team B (+20-10). Both the players have sustained costs that will be amortized for the years of contracts (we will suppose 5 per each, so costs for 4 per year for Team A and 2 for Team B) and obtain revenues from capital gains (5 for team A and 15 for Team B) having both sold the player at a price higher than the NBV.

Team	Team A	Team B
Player sold	Player 1	Player 2
Sale Price	10	20
NBV	5	5
Change in Liquidity	-10	+10
Capital Gains	+5	+15

[42]

Figure 45 Fictitious capital gains example 1

[42] Author's elaboration

The situation is different in Fig. 46, where for the same exchange Team A and Team B can agree to set the prices at € 70 million for Player 1 and € 80 million for Player 2. On the liquidity side the situation is the same, the difference can be noted only on the financials where Team A can write a capital gain of 65 and Team B 75.

	Team A	Team B
Player sold	Player 1	Player 2
Sale Price	70	80
NBV	5	5
Change in Liquidity	-10	+10
Capital Gains	+65	+75

[43]

Figure 46 Fictitious capital gains example 2

In this way, clubs can mask losses in their financial statements, giving a false impression of economic health that can mislead investors and stakeholders. The core issue lies in the impossibility of objectively assessing a player's value. If Team A and Team B agree on the valuations, who can ever say, and on what basis, that the two clubs committed accounting fraud by inflating the players' values, and that Player 1 and Player 2 are not actually worth those amounts?

Another problem caused by fictitious capital gains is the increase in costs. If on one hand they assure higher revenues, often it is not considered that the higher price to purchase the other player, increase the amortization costs (Fig. 47), that must be paid by the club for the future years, forcing them to cover the costs with more capital gains and revenues.

[43] Author's elaboration

Team	Team A	Team B
Player sold	Player 1	Player 2
Sale Price	10	20
NBV	5	5
Change in Liquidity	-10	+10
Capital Gains	+5	+15
Amortization per year	4	2

	Team A	Team B
Player sold	Player 1	Player 2
Sale Price	70	80
NBV	5	5
Change in Liquidity	-10	+10
Capital Gains	+65	+75
Amortization per year	16	14

[44]

Figure 47 Amortization cost increase

In 2023, Juventus was at the centre of an investigation called "Prisma", carried out by both the FIGC (Italian Football Federation) and the Turin Public Prosecutor's Office. The main accusation involved the systematic use of fictitious capital gains to artificially improve the club's financial statements, mainly through player swaps at inflated values. Although there are no rules in football that set limits on capital gains.

Today UEFA is trying to rule those situations to avoid fictitious capital gains. Since 2023, when two teams exchange players, the revenues from this operation cannot exceed the NBC.

In football, transfer strategies can be managed in various ways depending on the club's business model. These approaches often reflect the club's DNA, as each team has its own identity that shapes its transfer policies. Additionally, strategies may vary based on the manager's philosophy and style of play. In this thesis would be presented as example 3 different cases: Ajax, Real Madrid, AS Roma.

1) Ajax is known for being a breeding ground for young football talents, developing players from a very young age through its youth academy. The efficiency of their academy system allows them to sell their top players at high prices every year, without incurring significant costs to replace them. This strategy enables clubs that adopt it to be highly profitable, but it is not suitable for top-tier clubs, which must compete at the highest level every season.

[44] Author's elaboration

2) Real Madrid is currently the best football club in the world. They can't sell their players because talent is a limited resource, and they already have the bests. Their business model is based on the research of the new talents spending money to buy players who can be in the future the best, they sell players if they find better talents on the market or when they are old. Real Madrid is a rich club thanks to the high visibility of their brand that grants them big revenues from TV Rights and commercial, moreover, they are the club in which anyone has ever played football dreams to play in, this gives the club much more power in negotiations and let them acquire big players for lower prices (for example they purchase one of the best player in the world, Kilian Mbappe for free after his end of contract)
3) AS Roma is considered a top club in Italy, they do not have the Real Madrid standing but they can offer their player the opportunity to play in the wonderful city of Rome and in front of one of the best fanbase in the world. They do not have the Real Madrid's financial power and cannot afford young talents (from Ajax for example). Their business model is based on the acquisition of players in last part of their careers who still want to compete in the football Elite, but they can't play for Real Madrid or similar (like Dybala or Paredes) and to integrate young players alongside them, allowing them to learn and potentially develop into either profitable transfers or essential first-team players. These legends draw fans to the stadium and boost commercial revenues, helping to make this business model more sustainable

There is not a better strategy, Ajax has not the power to retain their talents, Real Madrid has to win every year and can't let its youth talents to make the necessary experience to become champions unless they are really extraordinary and prefer to purchase them from other clubs where they have obtained the experience needed, as well AS Roma has not the financial power to highly invest in football market and a younger players could suffer the pressure of a fanbase like Roma's. Any club has to find its own way basing on their seasonal goals and their stakeholder's expectation trying to be both competitive and sustainable.

Commercial revenues

Commercial revenues are the most important revenue stream after TV rights. They can be divided into sponsorship revenues and merchandise revenues.

Sponsorships

"Sponsorships in sports are partnerships in which a brand supports a team, athlete, or event in exchange for various marketing benefits"[45]. There are three main reasons why a brand is interested in investing a lot of money to have their name associated with a club and their logo on the stadium or on the teams' jersey:

1) *Visibility*: Football is the most followed sport in the world, according to Calcio and Finanza, in 2023/24 Juventus matches were watched by almost 18 million people on TV[46]. Placing a logo on Juventus' jersey means gaining exposure to this entire audience.
2) *Engagement*: Being a sponsor of a football club does not only offer visibility but also provides the opportunity to associate the brand with the club's values and, more broadly, the positive aspects of football and sport. These include teamwork, perseverance, fair play, passion, and the pursuit of excellence. When a company links its image to a club like Juventus, it taps into the emotional connection fans have with the team, which can significantly enhance brand engagement and loyalty. This emotional transfer allows the sponsor to build a deeper relationship with consumers, who may perceive the brand as more trustworthy and inspiring due to its association with the club's identity and sporting ethos.
3) *Networking*: Sponsoring a football club or a major sporting event can also serve as a strategic gateway to valuable business environments and network. It offers the company access to exclusive events, hospitality areas, and partnerships, creating opportunities to build relationships with other brands, stakeholders, and decision-makers. A clear example is Gazprom, which was a long-time sponsor of

[45] https://www.linkedin.com/pulse/comprehensive-guide-sponsorships-sports-everything-you-riccardo-taf%C3%A0-5k7xe/https://www.linkedin.com/pulse/comprehensive-guide-sponsorships-sports-everything-you-riccardo-taf%C3%A0-5k7xe/

[46] https://www.calcioefinanza.it/2025/01/27/serie-a-classifica-ascolti-2024-2025-girone-andata/?refresh_ce

the UEFA Champions League. Through this sponsorship, the company was able to strengthen its international presence and network until the partnership was terminated at the start of the Russia-Ukraine war due to geopolitical reasons.

There are different types of sponsorship agreements a club can sign:

- Main sponsor: This is the most visible (and typically the most expensive) type of sponsorship. The main sponsor's logo usually appears in the centre of the jersey. This sponsorship has the maximum visibility also during matches, press conferences and events. Fig. 48 shows the top 10 main sponsorship agreements in 2024 by annual value. It can be noticed that more recent agreements are signed at higher prices, underlining the inflation affecting sponsorship agreements. A closer look at this table reveals that the ranking of the top 10 shirt sponsors does not include the top 10 strongest teams. Among them are Manchester United and Tottenham Hotspur, which are currently far from being considered among the top 10 teams in the world. Additionally, Juventus has not won Serie A since 2020, while Inter, currently performing much better, is not included in the ranking. This underlines that a strong brand acts as an "insurance policy against poor results" for clubs, allowing them to

attract sponsors (and therefore revenues) even in the case of negative sporting outcomes, thus serving as a hedge against risk.

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[47]

Figure 48 Top 10 Main Sponsors by annual deal value in season 2023/24

- Back sponsor: Less frequent and less costly, the sponsor's logo is placed on the back of the shirt, usually under the player's name.
- Sleeve sponsor: Recently introduced, most clubs now have one. The sponsor's logo is placed on the sleeve of the shirt.
- Technical sponsor: Companies that supplies the club's official kits. Their logo appears on the front of the jersey and on merchandise. In return, they pay a fixed annual fee and a percentage of official product sales. In exchange they pay as any sponsor a fix annual fee and a percentage on the sale of official products. Fig 49 shows the main kit suppliers in the "Big Five" leagues (Serie A, La Liga, Ligue 1, Premier League, Bundesliga) with the combined fixed annual value of their deals (in blue). For example, Fig. 50 shows Serie A situation in 2025.

[47] https://footballbenchmark.com/documents/d/guest/football-benchmark_champions-report-2025

[48]

Figure 49 Top 10 technical sponsor (2024)

[49]

Figure 50 Technical sponsors in Serie A

- Naming sponsor: The brand pays for the right to put its name on a club's facility, usually the stadium. For example, we have already seen the operation that gave the Juventus' stadium its name to Allianz to finance its construction.
- Other sponsorship agreements: There are an indefinite number of other types a club and a brand can sign. These include event sponsors—who pay for visibility for a specific event organized by the club or a federation—and digital sponsors or tech

[48] https://footballbenchmark.com/documents/d/guest/football-benchmark_champions-report-2025
[49] https://www.socialfootballsummit.com/en/the-situation-of-technical-sponsors-in-serie-a/

partners, which are partnerships with technology companies for promotion through digital platforms, official apps, and online content.

Football sponsorship is a fast-growing market, the attempts of the club to reach new public and to increase/expand their brand in other countries and with side products is for the sponsors a great value. Moreover, the highly competitive sponsorship market, with many players competing for a limited number of clubs, allows clubs to demand increasingly higher fees in order to cope with the rising costs. This growing trend has been analysed by Astute Analytica which in Fig. 51 shows global football sponsorship income from 2019 to 2023 and the forecast until 2032, underlining that this market will continue to grow with a CAGR of 4,4% during the forecast period.

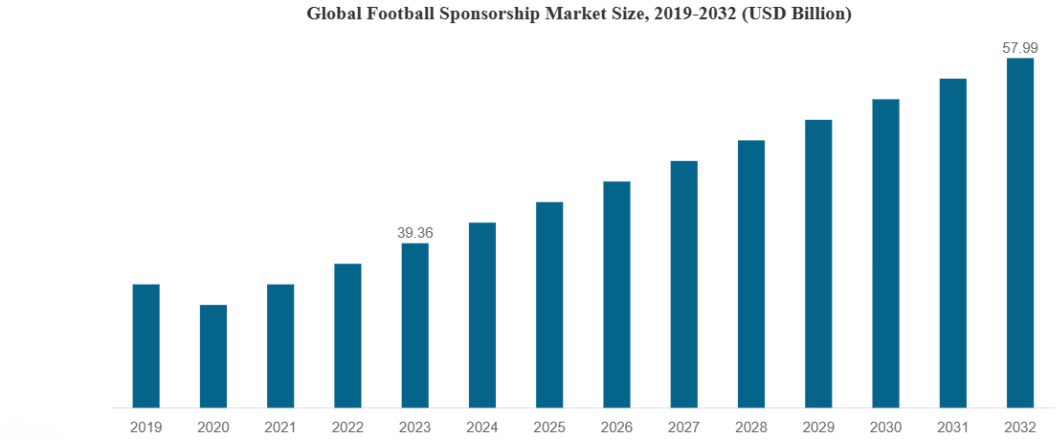


Figure 51 Global Football Sponsorship Market Size 2019-2032 (USD Billion)

50

[50] https://www.astuteanalytica.com/industry-report/football-sponsorship-market

Merchandise

Merchandise sales are the other main sources of commercial revenues for a club. Merchandise sales refer to the sale of all the club's official products, which bear the logo and colours, representing its identity. These products could include jerseys, training kit, casual clothes, gadgets, special edition items or products for children and animals. As mentioned earlier, this can be managed by the technical sponsor in exchange for a fixed fee and a percentage (usually around 5–20%), or by the club itself (rarely). For example, SSC Napoli decided in 2021 to end its agreement with Kappa as technical sponsor (paying hefty penalties) and produce its own products, entrusting Armani with design and the club president's daughter with distribution. This unique operation has paid off: in a recent conference at LUISS University, SSC Napoli's sporting director Giovanni Manna stated that this initiative generated over 110% of the revenue compared to the previous Kappa agreement.

Is this model applicable to any club? It is difficult to answer. It was certainly a bold move by SSC Napoli's president, but for some clubs, the fees that technical sponsors pay are too high to forgo. This could be a good solution for middle level teams which struggle to reach favourable agreements with sponsors, or which wants to launch a signal to encourage them to favour higher paid contracts.

The advantages of merchandise sale are:

- Recurring revenues: gives a source of revenue which is not strictly related to team performances
- Brand Loyalty: strengthens emotional attachment to the club.
- Global expansion: online sales allow clubs to reach fans worldwide.
- Fashion influence: football gear often crosses into streetwear culture (e.g., vintage jerseys, fashion collaborations like PSG x Jordan).

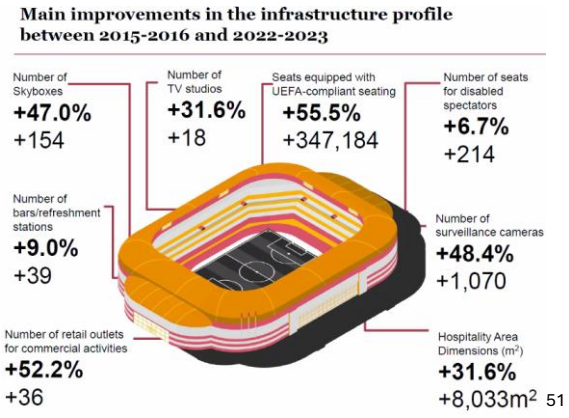
Stadium revenues

A stadium is not only the field where the home matches are played so a necessary asset for the club, but also an important source of revenue. In this perspective, owning the stadium in which they play becomes a valuable asset for a club. Leasing a stadium allows the club to generate revenue solely from match-day ticket sales, whereas today privately owned stadiums are open seven days a week and can generate much greater revenue. These can be divided into matchday revenues and non-matchday revenue:

Matchday revenues

There are two main sources of matchday revenue:

- Tickets: before the year 2000 and the advent of mass broadcasting, they were the main source of revenue. Today their share of the revenue stream has diminished, but they are still very important for clubs. They can be single-ticket (valid for one match), seasonal (subscription for all home matches of a competition) or can be multi-match pass (use limited to some matches). Today clubs use price discrimination for tickets, offering different prices for various seating sections and match types to maximize customers' willingness to pay. If in the past the only way to watch a match was to go to the stadium, today fans can enjoy it from home with access to replays, multiple camera angles, and no need to find parking, simply connecting a minute before kick-off. Therefore, clubs must make the stadium experience truly unique to attract fans. In this way private stadium allows to offer a premium experience in a new infrastructure, with light shows, DJ sets, multiple screens for better visibility of the match and improved audio systems (Fig.52).



[51]

Figure 52 Main improvements in the infrastructure profile between 2015/16 and 2022/23

For this reasons, private stadium owners can charge higher ticket prices. Analysing the Serie A minimum season ticket, we can see that Juventus (one of the few in the league owning their stadium) offers way higher prices (Fig. 53). These data can only be compared with those from other leagues, as in Fig. 54, where the Premier League, in which almost every club owns its stadium, leads this ranking by a wide margin. Owning a stadium not only allows the club to have an amortizable asset on the balance sheet and to save on the annual leasing fee but also enables charging higher ticket and season-ticket pass prices, resulting in increased revenue.

[52]

Figure 53 Minimum seasonal tickets Serie A costs (2024)

[51] https://www.pwc.com/it/it/publications/reportcalcio.html
[52] https://www.calcioefinanza.it/2024/07/24/prezzi-abbonamenti-serie-a-stadio/?refresh_ce

[53]

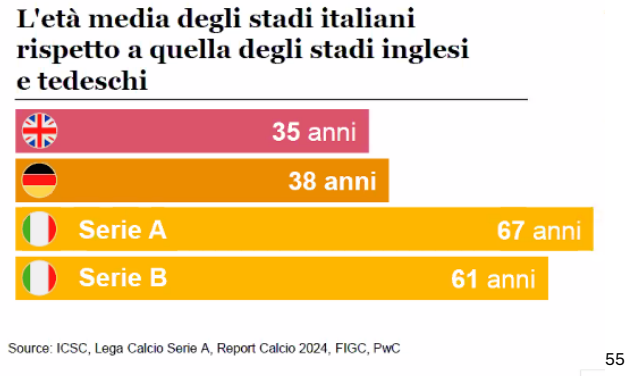
Figure 54 Average minimum seasonal tickets costs in Big Five (2024)

- Matchday services: These are revenues that a club obtains on match days from stadium-provided services such as food and beverage, parking, and on-site merchandise sales. Owning a stadium allows the club to have greater control over these matchday services, leading to higher profitability. By managing the stadium operations directly, the club can optimize pricing, improve the customer experience, and capture more revenue from these services. Furthermore, owning a stadium means the club is not reliant on a third party, increasing long-term financial stability and reducing costs associated with renting or sharing facilities.
- Hospitality and premium experiences: Hospitality and premium experiences: clubs can sell premium stadium experiences. Today, any top club offers supporters and investors VIP or premium packages that grant access to extra services inside the stadium, such as private boxes, buffets, and pitch-side viewing (Fig.55). Although this possibility can also be offered by clubs that do not own their stadium, those who have recently built their own facility can more easily create private boxes and areas dedicated to this type of experience, allowing the club to generate additional revenues, often lacking in older municipal structures. Fig. 56 shows the average age of the Italian stadium against German or English stadiums.

[53] https://www.calcioefinanza.it/2024/07/24/prezzi-abbonamenti-serie-a-stadio/?refresh_ce

 [54]

Figure 55 Real Madrid Hospitality



[55]

Figure 56 Average age of stadium in different countries

Non-Matchday revenues

As stated at the beginning of this chapter, a stadium today is not only the field itself. clubs with a stadium also try to keep it open seven days a week to exploit it as much as possible. It is therefore important to understand which non-match-day revenues a stadium can generate:

- Naming Rights: clubs which own their stadium can sell the stadium naming rights to a brand or a Company for a specific period, that's the case. For example, Allianz

[54] https://www.nattivus.com/en/madrid/santiago-bernabeu-tour-vip-lunch
[55] https://www.figc.it/it/federazione/federazione-trasparente/reportcalcio/

Stadium (Juventus), Etihad Stadium (Manchester City), Spotify Camp Nou (Barcellona) or Allianz Arena (Bayern Monaco in Fig. 57).

[56]

Figure 57 Allianz Arena

- Events: clubs can make their stadium available for concerts, events or other sports when they have no home matches, like in summer or when the first team plays away games. Looking at Juventus for example, in January the Turin club makes its stadium available for Kings League World Cup Final matches and often hosts concerts. Real Madrid is probably the club most advanced in this regard. The renovation of the Santiago Bernabéu, inaugurated in the 2024/25 season, represents a major innovation for stadiums. The new pitch at Santiago Bernabéu Stadium (Fig. 58) has undergone a major transformation as part of this broader project to modernize the iconic venue. The upgraded pitch features a state-of-the-art retractable turf system, allowing for the surface to be swapped out quickly when needed. This innovative technology not only ensures the pitch remains in optimal condition for football matches but also makes the stadium versatile for other events such as concerts, exhibitions, basketball and tennis matches.

[56] https://www.muenchen.de/it/attrazioni-turistiche/allianz-arena-lo-stadio-di-monaco-frottmaning

[57]

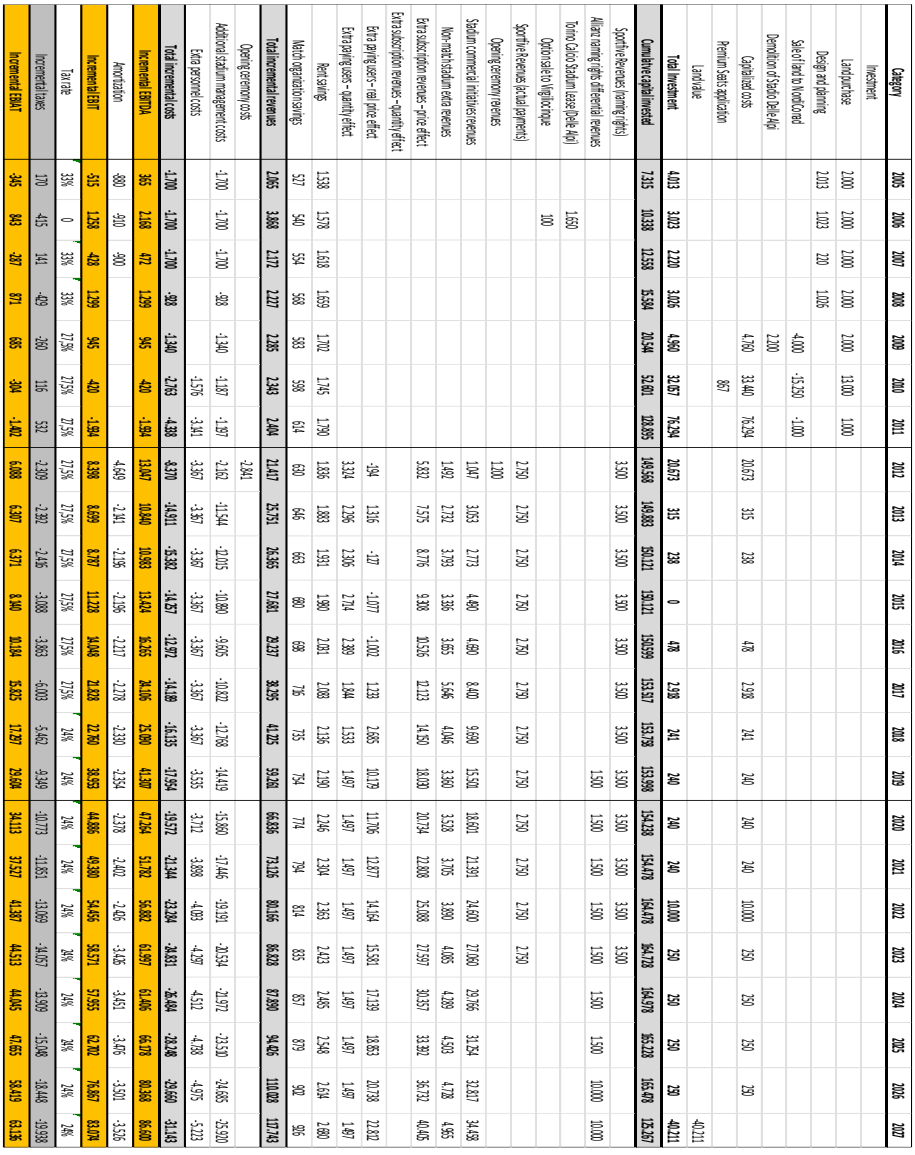
Figure 58 New Bernabeu pitch

- Museum and Tours: Stadiums are also a major attraction for tourists. Clubs can organise stadium tours and museums when there are no matches, allowing visitors to enter the club's home and view its trophies. Juventus reported[58] that in 2023 147.330 people have visited the Juventus Museum (with a ticket around € 40) and this number is increased by the 16% from 2022.

We have seen that owning a stadium is a huge advantage, but how can it be evaluated? To evaluate this advantage from a financial perspective it is necessary to build a future cash flow statement which contains all the costs and revenues we forecast for the club and then calculate the cash flow for any year. Finally, it is needed to discount it with an appropriate cost of capital obtaining the Net Present Value (NPV). In finance, projects with an NPV greater than zero are considered acceptable. For example, this thesis will use the Alessandro Giudice's work (Fig. 59) in the book *La Finanza Del Goal* book where he analyses the Allianz Stadium investments with using a cash flow model. The advantage of evaluating this project years later is that we already know the initial cash flows. Alessandro Giudice's analysis considers the period from 2005 (when investments and construction began) until 2011, and projects forward to 2027 (hypothetical

[57] https://www.marca.com/en/football/real-madrid/2021/11/04/6183d4fb268e3e5b498b463d.html
[58] https://www.juventus.com/it/news/articoli/juventus-museum-stadium-tour-visitatori-numeri-2023

decommissioning date). Has to be noted that the analysis has been done in 2020 so all the cash flows after this data are forecasted based on assumptions presented in the book.



Category	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Investment																							
Land purchase	2.000	2.000	2.000	2.000	2.000	1.000																	
Design and planning	2.013	1.023	220	1.026																			
Select Ivory to Nord Control					4.000	-15.150	-1.000																
Demolition of Stadio Delle Alpi					2.200																		
Capitalized costs					4.760	33.440	76.294	20.673	315	238		478	2.938	241	240	240	240	10.000	250	250	250	250	
Premium Seats application						867																	
Land value																							40.211
Total Investment	4.013	3.023	2.220	3.026	4.960	32.857	76.294	20.673	315	238	0	478	2.938	241	240	240	240	10.000	250	250	250	250	40.211
Cumulative capital invested	7.315	10.338	12.559	15.584	20.544	52.401	128.695	149.368	149.683	150.121	150.121	150.599	153.537	153.778	153.988	154.228	154.468	164.468	164.718	164.968	165.218	165.468	125.257
Sportfive Revenues (naming rights)								3.300	3.300	3.300	3.300	3.300	3.300	3.300	3.300	3.300	3.300	3.300	3.300				
Allianz naming rights differential revenues															1.300	1.300	1.300	1.300	1.300	1.300	1.300	10.000	10.000
Torino Calcio Stadium lease (Delle Alpi)	1.660																						
Option sale to Juventus	100																						
Sportfive Revenues (actual payments)								2.750	2.750	2.750	2.750	2.750	2.750	2.750	2.750	2.750	2.750	2.750	2.750				
Opening ceremony revenues								1.200															
Stadium commercial initiatives revenues								1.047	3.053	2.773	4.980	4.980	8.405	9.680	15.501	18.601	21.391	24.600	27.060	29.766	31.764	32.817	34.458
Non-match stadium extra revenues								1.492	2.722	3.793	3.356	3.655	5.646	4.046	3.360	3.528	3.705	3.890	4.085	4.289	4.503	4.728	4.965
Extra subscription revenues - price effect								5.832	7.575	8.776	9.308	10.526	12.123	14.150	16.030	20.724	22.808	25.088	27.597	30.357	33.392	36.732	40.405
Extra subscription revenues - quantity effect																							
Extra parking users - rent price effect								-194	1.316	-127	-1.077	-1.002	1.128	2.665	10.179	11.706	12.877	14.164	15.581	17.139	18.853	20.738	22.812
Extra parking users - quantity effect								3.334	2.296	2.306	2.774	2.389	1.944	1.533	1.497	1.497	1.497	1.497	1.497	1.497	1.497	1.497	1.497
Rent saving	1.538	1.578	1.618	1.659	1.702	1.745	1.790	1.836	1.883	1.931	1.980	2.031	2.082	2.135	2.190	2.246	2.304	2.363	2.423	2.485	2.548	2.614	2.680
Match organization savings	527	540	554	568	583	598	614	630	646	663	680	698	716	735	754	774	794	814	835	857	879	902	926
Total incremental revenues	2.065	3.868	2.172	2.227	2.285	2.343	2.404	21.407	23.751	26.355	27.681	29.227	38.225	41.225	53.218	64.826	73.126	80.166	86.828	87.890	94.406	110.023	117.743
Opening ceremony costs								-2.841															
Additional stadium management costs	-1.700	-1.700	-1.700	-908	-1.340	-1.187	-1.187	-2.162	-11.544	-12.015	-10.980	-9.935	-10.922	-12.768	-14.419	-15.860	-17.446	-19.191	-20.534	-21.972	-23.510	-24.685	-25.920
Extra personnel costs						-1.576	-3.141	-3.367	-3.367	-3.367	-3.367	-3.367	-3.367	-3.367	-3.535	-3.712	-3.898	-4.093	-4.297	-4.512	-4.738	-4.975	-5.223
Total incremental costs	-1.700	-1.700	-1.700	-908	-1.340	-2.763	-4.328	-8.370	-14.911	-15.382	-14.347	-12.302	-14.288	-16.135	-17.954	-19.572	-21.344	-23.284	-24.831	-26.484	-28.248	-29.660	-31.143
Incremental EBITDA	365	2.168	472	1.299	945	-420	-1.924	13.037	10.840	10.983	13.424	16.265	24.106	25.090	41.307	47.254	51.782	56.882	61.997	61.406	66.178	80.363	86.600
Amortization	-880	-910	-900					-4.649	-7.441	-7.196	-7.196	-7.217	-7.278	-7.330	-7.354	-7.378	-7.402	-7.426	-7.450	-7.451	-7.476	-7.501	-7.526
Incremental EBIT	-515	1.258	-428	1.299	945	-420	-1.924	8.388	6.899	6.787	11.228	14.048	21.828	22.760	38.953	44.886	49.380	54.456	59.571	57.955	62.702	76.867	83.074
Tax rate	33%	0	33%	33%	27,5%	27,5%	27,5%	27,5%	27,5%	27,5%	27,5%	27,5%	27,5%	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%
Incremental taxes	170	-415	141	-429	-260	116	532	-2.309	-2.362	-2.426	-3.088	-3.863	-6.033	-5.462	-9.349	-10.773	-11.851	-13.069	-14.057	-13.909	-15.048	-18.448	-19.938
Incremental EBIAT	345	843	-287	871	685	-304	-1.402	6.088	6.307	6.371	8.140	10.184	15.825	17.297	29.604	34.113	37.527	41.387	44.513	44.045	47.655	58.419	63.135

59

Figure 59

Once the incremental EBIAT is calculated as above, the WACC is calculated by Alessandro Giudice as in Fig.60 which shows that Allianz Stadium has generated an economic profit of € 35,25 million by 2019. It should be noted that this result is not discounted, so it has many limitations.

[59] Alessandro F. Giudice : "La Finanza del gol" – MC Graw Hill

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TOT
Incremental EBIAT	-345	843	-287	871	685	-304	-1.402	6.088	6.307	6.371	8.140	10.184	15.825	17.297	29.604	99.877
Wacc(%)	4,90%	4,40%	6,00%	7,50%	7,70%	5,50%	4,40%	3,70%	4,00%	3,50%	3,10%	3,90%	3,00%	4,60%	8,20%	
Economic Profit	-701	385	-1.039	-300	-895	-3.204	-7.035	490	271	1.107	3.442	4.324	11.242	10.169	16.994	**35.250**

60

Figure 60 Economic Profit calculation between 2025-2019

Even though we have stated that the investment has generated an economic profit, it is important to evaluate the investment's future possible cash flows. Fig.61 discounts the 2020-2027 cash flows with a hypothetical WACC of 8,2%. The NPV of the investment in 2020 is +€ 272.297 million.

	2020	2021	2022	2023	2024	2025	2026	2027	
Expected Cash Flows	32.774	36.228	30.305	44.365	46.519	50.455	61.223	106.403	
Discount Factor (8,2%)	0,924	0,854	0,789	0,730	0,674	0,623	0,576	0,532	**NPV**
Actualized Cash Flows	30.290	30.996	23.924	32.370	31.368	31.444	35.263	56.642	**272.297**

61

Figure 61

Thus, Juventus has already repaid the investment by 2019 and, in 2020 still had an asset with future estimated cash flows for € 272.297 million (discounted value).

[60] Alessandro F. Giudice : "La Finanza del gol" – MC Graw Hill
[61] Alessandro F. Giudice : "La Finanza del gol" – MC Graw Hill

CHAPTER 4

JUVENTUS FINANCIALS ANALYSIS

In this 4th chapter we will try to apply the theoretical framework seen in Chapter 1 to Juventus' financials in order to better understand their economic situation. Then we will use the ratio analysis to assess Juventus' liquidity status, profitability and efficiency. At the end of this chapter, we will try to assess the club's actual value.

Balance Sheet

Beginning with the balance sheet, in Fig. 62 we reproduce the statement found on Juventus' site.

BALANCE SHEET JUVENTUS	30/06/2023	30/06/2024
ASSETS		
Non current Assets		
Players' registration rights, net	323.557.110,00	274.565.096
Goodwill	1.811.233	1.811.233
Other intangible assets	52.799.363	55.103.390
Intangible assets in progress and advance payments	2.559	974.170
Land and buildings	171.930.651	167.428.449
Other tangible assets	15.897.929	9.658.755
Tangible assets in progress and advance payments	1.269.107	543.936
Equity investments	1.230.117	1.398.219
Non-current financial assets	12.268.480	12.173.210
Deferred tax assets	5.363.766	5.724.962
Receivables due from football clubs for Transfer Campa	85.278.191	15.255.543
Other non-current assets	1.735.275	3.398.127
Non-current advances paid	222.698	154.219
Total Non current assets	673.366.479,00	548.189.309,00
Current Assets		
Inventories	10.605.410	3.063.434
Trade receivables	23.642.276	20.322.121
Trade and other receivables from related parties	262.118	22.509.348
Receivables due from football clubs for Transfer Campa	46.731.521	22.576.643
Other current assets	13.394.375	12.583.587
Current financial assets	12.167.087	12.072.606
Cash and cash equivalents	48.676.632	36.424.496
Current advances paid	5.128.007	1.239.897
Total Current Assets	160.607.426	130.792.132
TOTAL ASSETS	**833.973.905,00**	**678.981.441,00**
Equity		
Shareholder' equity		
Share capital	23.379.254	15.214.873
Share premium reserve	161.732.580	225.973.451
Legal reserve	1.636.427	0
Financial asset fair value reserve	335.568	145.815
Other reserves	-1.509.191	-1.908.522
Retained earnings (Losses carried forward)	-19.781.547	0
Loss for the year	-123.693.576	-199.228.786
Total shareholders' equity	**42.099.515**	**40.196.831**
LIABILITIES		
Non current liabilities		
Provisions for risks and charges	96.444	123.566
Loans and other financial payables	120.787.694	248.484.227
Payables due to football clubs for Transfer Campaigns	70.254.395	52.716.203
Deferred tax liabilities	6.877.896	7.277.056
Other non-current liabilities	26.472.042	21.796.787
Non-current advances received	8.730.687	8.604.710
Total non-current liabilities	233.219.158	339.002.549
Current liabilities		
Provisions for risks and charges	3.812.183	7.690.928
Loans and other financial payables	267.791.048	30.779.318
Trade payables	35.225.751	29.998.907
Trade and other payables due to related parties	1.085.340	1.175.791
Payables due to football clubs for Transfer Campaigns	148.925.389	111.827.541
Other current liabilities	73.925.812	79.051.183
Current advances received	27.889.709	39.258.393
Total current liabilities	558.655.232	299.782.061
TOTAL LIABILITIES	**833.973.905**	**678.981.441**

[62]

Figure 62 Juventus Balance Sheet 30/06/2024

To reformulate it we will apply what is explained in chapter 1, reorganising the balance sheet into Net Working Capital, Net Fixed Assets, Net Financial Position short and long term (Fig. 63). It can be observed that the Net Working Capital is negative in both years mainly due to the high number of "payables due to clubs for transfer campaigns". Asset values from 2023 to 2024 tend to decrease on average which highlights a downsizing of the company due to the absence of revenues from European competition. This shows how important it is for an important club like Juventus with such high costs to access Champions League TV rights and prizes. We have already seen the reduction in the share

[62] https://www.juventus.com/en/club/investor-relations/statements/reports#0--season-2023-24

of revenues from TV rights due to the lack of qualification. For this reason, regardless of the sporting context, Champions League qualification is the first goal for every Juventus season. It is essential to secure qualification as early as possible in order to allow the board and the sporting director to plan for the upcoming season. This season for example (2024/25), in which qualification is far from certain, the club is facing difficulties, as it has been trying since September to start a new value-creation cycle. However, as of May, there is still no certainty, and this makes it difficult for the sporting director to act. If the team manages to qualify, the club will be able to continue the process by signing new players and raising the overall quality of the squad. On the other hand, if it fails to do so, it will be forced to sell its top assets and start over. This uncertainty stalls the transfer market and leads to missed opportunities that can only be seized by acting in advance. Mainly for this reason, total assets decrease from 2023 to 2024 on the balance sheet, looking to players' registration rights, they passed from € 323,5 million to € 274,5 million a sign that the club hasn't invested much for new players and the decrease in value is due to player sale and amortization (in the summer of 2023 only Timothy Weah joined the first team).

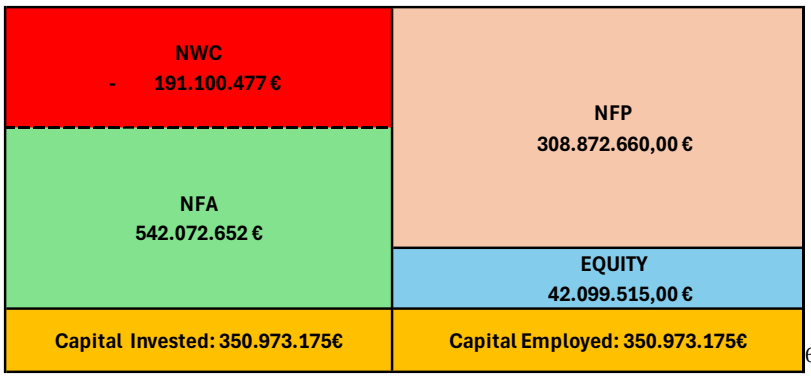
REFORMULATED BALANCE SHEET JUVENTUS	30/06/2023	30/06/2024
Inventories	10.605.410	3.063.434
Trade and other receivables from related parties	262.118	22.509.348
Trade receivables	23.642.276	20.322.121
Receivables due from football clubs for Transfer Campaigns	46.731.521	22.576.643
Other current assets	13.394.375	12.583.587
Current advances paid	5.128.007	1.239.897
Operating Assets ST	**99.763.707**	**82.295.030**
Trade payables	35.225.751	29.998.907
Trade and other payables due to related parties	1.085.340	1.175.791
Payables due to football clubs for Transfer Campaigns	148.925.389	111.827.541
Provisions for risks and charges	3.812.183	7.690.928
Other current liabilities	73.925.812	79.051.183
Current advances received	27.889.709	39.258.393
Operating Liabilities short term	**290.864.184**	**269.002.743**
NET WORKING CAPITAL	**-191.100.477**	**-186.707.713**
Land and buildings	171.930.651	167.428.449
Other tangible assets	15.897.929	9.658.755
Tangible assets in progress and advance payments	1.269.107	543.936
Tangible assets	**189.097.687**	**177.631.140**
Players' registration rights, net	323.557.110,00	274.565.096
Other intangible assets	52.799.363	55.103.390
Intangible assets in progress and advance payments	2.559	974.170
Intangible assets	**376.359.032,00**	**330.642.656,00**
Other non-current assets	1.735.275	3.398.127
Non-current advances paid	222.698	154.219
Goodwill	1.811.233	1.811.233
Receivables due from football clubs for Transfer Campaigns (non current)	85.278.191	15.255.543
Operating assets long term	**654.504.116,00**	**528.892.918,00**
Provisions for risks and charges (non current)	96.444	123.566
Deferred tax liabilities	6.877.896	7.277.056
Payables due to football clubs for Transfer Campaigns (non current)	70.254.395	52.716.203
Other non-current liabilities	26.472.042	21.796.787
Non-current advances received	8.730.687	8.604.710
Operating Liabilities long term	**112.431.464**	**90.518.322**
NET FIXED ASSETS	**542.072.652**	**438.374.596**
CAPITAL INVESTED	**350.972.175**	**251.666.883**
Loans and other financial payables	120.787.694	248.484.227
Financial Liabilities long term	**120.787.694**	**248.484.227**
Non-current financial assets	12.268.480	12.173.210
Deferred tax assets	5.363.766	5.724.962
Equity investments	1.230.117	1.398.219
Financial Assets long term	**18.862.363**	**19.296.391**
NET FINANCIAL POSITION long term	**101.925.331**	**229.187.836**
Loans and other financial payables	267.791.048	30.779.318
Financial Liabilities short term	**267.791.048**	**30.779.318**
Current financial assets	12.167.087	12.072.606
Cash and cash equivalents	48.676.632	36.424.496
Financial Assets short term	**60.843.719**	**48.497.102**
NET FINANCIAL POSITION short term	**206.947.329**	**-17.717.784**
Shareholder' equity		
Share capital	23.379.254	15.214.873
Share premium reserve	161.732.580	225.973.451
Legal reserve	1.636.427	0
Financial asset fair value reserve	335.568	145.815
Other reserves	-1.509.191	-1.908.522
Retained earnings (Losses carried forward)	-19.781.547	0
Loss for the year	-123.693.576	-199.228.786
Total shareholders' equity	**42.099.515**	**40.196.831**
CAPITAL EMPLOYED	**350.972.175**	**251.666.883**

[63]

Figure 63 Reformulated Juventus Balance Sheet 30/06/2024

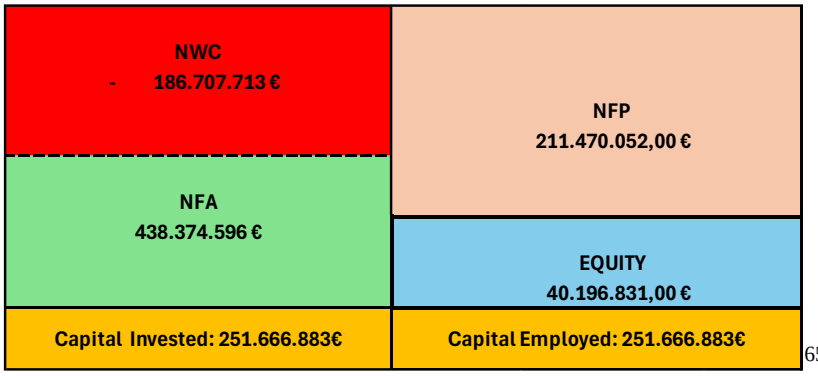
[63] https://www.juventus.com/en/club/investor-relations/statements/reports#0--season-2023-24

The reformulation, let us to better analyse the Juventus' financial situation. First of all, give us the capital composition of the club resumed in Fig. 64 for 2023 and Fig. 65 for 2024.



[64]

Figure 64 Capital composition Juventus 30/06/2023



[65]

Figure 65 Capital composition Juventus 30/06/2024

From those is possible to underline 3 points:

1) Capital invested and employed are decreased by € 100 million and this give us the real measure of the downsizing due to the failure to qualify for the Champions League.
2) The Net Working capital has remained still the same little decreasing showing that the great change in capital invested is due to Net Fixed Assets from € 542 million to 438.

[64] Realized by the author
[65] Realized by the author

3) On capital employed side, Equity has remained relatively stable and the important change in in Net Financial Position. Where short term and long term show an opposite tendency. Short term NFP passed from € 207 million to -€ 17 due to a financial restructuration Juventus applied in those years. They increased the long-term debt from € 121 million to € 248 million and strongly decreased the short-term loans and financial payables from € 268 million to € 30 million. This let Juventus to extend the maturities to reduce short-term pressure on cash flows exacerbated by the absence of Champions League income.

Income Statement

Moving the analysis to the income statement (Fig. 66), we reformulate it in in Fig. 67, as explained in Chapter 1.

INCOME STATEMENT JUVENTUS	30/06/2023	30/06/2024
Ticket sales	61.500.497	57.747.868
Audiovisual rights and media revenues	157.161.351	99.727.971
Revenues from sponsorship and advertising	150.280.938	132.558.275
Revenues from sales of products and licences	28.569.824	27.950.406
Revenues from players' registration rights	70.166.506	34.170.085
Other revenues and income	39.973.591	42.409.462
Total revenues and income	507.652.707	394.564.067
Purchase of materials, supplies and other consumables	-4.030.336	-4.395.420
Purchases of products for sale	-12.303.562	-14.433.996
External services	-94.059.408	-81.126.586
Players' wages and technical staff costs	-255.358.523	-239.039.380
Other personnel	-27.030.301	-25.065.528
Expenses from players' registration rights	-12.043.215	-22.214.748
Other expenses	-22.782.826	-13.838.946
Total operating costs	-427.608.171	-400.114.604
Amortisation and write-downs of players' registration rights	-159.134.997	-139.140.296
Depreciation/amortisation of other tangible and intangible assets	-14.507.663	-13.250.426
Provisions and other write-downs/reversals and release of funds	-5.691.459	-17.465.991
Operating income	-99.289.583	-175.407.250
Financial income	3.306.291	3.704.584
Financial expenses	-21.522.597	-24.812.895
Share of results of associates and joint ventures	157.487	460.977
Income (loss) before taxes	-117.348.402	-196.054.584
Current taxes	-6.589.426	-3.117.744
Deferred tax assets and liabilities	244.252	-56.459
PROFIT (LOSS) FOR THE YEAR	-123.693.576	-199.228.787
BASIC AND DILUTED EARNINGS PER SHARE	-0,049	0,710

[66]

Figure 66 Income Statement Juventus 30/06/2024

[66] https://www.juventus.com/en/club/investor-relations/statements/reports#0--season-2023-24

REFORMULATED INCOME STATEMENT JUVENTUS	30/06/2023	30/06/2024
Ticket sales	61.500.497	57.747.868
Audiovisual rights and media revenues	157.161.351	99.727.971
Revenues from sponsorship and advertising	150.280.938	132.558.275
Revenues from sales of products and licences	28.569.824	27.950.406
Revenues from players' registration rights	70.166.506	34.170.085
Other revenues and income	39.973.591	42.409.462
Total revenues and income	507.652.707	394.564.067
Purchase of materials, supplies and other consumables	-4.030.336	-4.395.420
Purchases of products for sale	-12.303.562	-14.433.996
Players' wages and technical staff costs	-255.358.523	-239.039.380
Expenses from players' registration rights	-12.043.215	-22.214.748
COGS	-283.735.636	-280.083.544
Gross Profit	223.917.071	114.480.523
External services	-94.059.408	-81.126.586
Other personnel	-27.030.301	-25.065.528
Other expenses	-22.782.826	-13.838.946
EBITDA	**80.044.536**	**-5.550.537**
Amortisation and write-downs of players' registration rights	-159.134.997	-139.140.296
Depreciation/amortisation of other tangible and intangible asset	-14.507.663	-13.250.426
Provisions and other write-downs/reversals and release of funds	-5.691.459	-17.465.991
EBIT	-99.289.583	-175.407.250
Financial income	3.306.291	3.704.584
Financial expenses	-21.522.597	-24.812.895
Share of results of associates and joint ventures	157.487	460.977
EBT	-117.348.402	-196.054.584
Current taxes	-6.589.426	-3.117.744
Deferred tax assets and liabilities	244.252	-56.459
EAT	**-123.693.576**	**-199.228.787**[67]

Figure 67 Reformulated Income statement Juventus 30/06/2024

What first catches the eye when looking at the income statement is the negative result of both years, summarized by EAT (Earning After Taxes), € 124 million loss in 2023 and € 199 million loss in 2024. Before identifying the causes behind this worsening, these data are important to analyse and compare with other past results. In this thesis, the results from the 2019/20 to 2023/24 seasons have been taken into account resumed in Fig. 68. These confirm everything that has already been stated throughout this work; Juventus has recorded losses for all the seasons considered. The situation worsened in 2020/21 and 2021/22, when the club faced the pandemic and the consequent absence of matchday income.

[67] https://www.juventus.com/en/club/investor-relations/statements/reports#0--season-2023-24

[68]

Figure 68 Juventus losses 2019-202

But the situation was already bad even before COVID, the pandemic has only worsened the situation. The failure in qualification to 2023/24 Champions League has exacerbated the situation even more. Indeed, an analysis of the income statement shows that total revenues decreased by more than €100 million. The absence from the top European competition not only reduced the prize money and TV rights income for the club (from € 157 million to € 99 million) but also makes the club less attractive to investors and sponsors' eyes, resulting in € 20 million drop of sponsorship revenues. Ultimately, without purchasing new players, the club struggles to sell existing ones to generate capital gains to keep the team competitive; indeed, revenues from players registration rights have also decreased.

COGS are almost unchanged, but with similar costs and € 100 million less in revenues, the EBITDA in 2024 is negative. Also in 2023, amortization and non-financial items were so high that they made EBIT negative. Interest and taxes can only worsen the situation.

Assuming the failure to qualify for the Champions League was a one-off event due to a penalty we can presume that financial situation at the 30/06/2025 will improve but data shows that also before COVID and with the tournament participation the EAT is strongly

[68] https://www.juventus.com/it/club/investitori/bilanci-prospetti/bilanci-relazioni

negative. Therefore, it is necessary to reduce costs and/or increase revenues to truly change the situation and achieve sustainability.

Ratios analysis

Recalling concepts from Chapter 1, ratio analysis is used to go in depth into a company's financial situation, allowing us to understand the level of liquidity the club has, whether it is efficient or not, and its profitability.

Starting with liquidity, we measure the ability of Juventus to generate cash from current assets to pay short-term obligations. Fig.69 shows the liquidity ratios, calculated as explained in Chapter 1 between 2023 and 2024.

LIQUIDITY RATIOS[69]	**2023**	**2024**	**Δ%**
Current Ratio	0,29	0,44	+52%
Acid Test	0,27	0,43	+59%
Cash Ratio	0,09	0,12	+39%
Operating current ratio	0,13	0,30	+133%

Figure 69 Liquidity ratios Juventus

The ratios indicate that Juventus has significant liquidity issues, as all the values are under the acceptance threshold. Both the current ratio and acid-test ratio are far from 1, which is the minimum acceptable value, indicating great difficulties in covering short-term liabilities. The small difference between the two indicators reveals a low impact of inventories on current assets. Cash ratio, which measures immediate liquidity, is very low at 0,09 in 2023 and 0,12 in 2024, meaning Juventus has little cash compared to its liabilities. In the end, an operating current ratio of just 0.13 indicates that the company is able to cover only 13% of its accounts payable with its trade receivables and inventory. This suggests a weak operational liquidity position and could signal potential short-term

[69] Realized by the Author

financial stress. It is important to underline that the debt reorganization mentioned before has significantly improved the situation by reducing short-term liabilities and increasing long-term liabilities. This has brought more immediate cash, improving liquidity levels.

Efficiency analysis consists of calculating days sales outstanding (DSO), days payables outstanding (DPO), days inventory outstanding (DIO), and the Cash Conversion Cycle (CCC), which measures how long it takes for a company to convert its investments in inventory into cash received from sales. Fig.70 shows the efficiency ratios for Juventus 2023 and 2024.

EFFICIENCY RATIOS[70]	**2023**	**2024**	**Δ%**
DSO (days)	50,75	93,37	+84%
DPO (days)	46,27	41,75	-10%
DIO (days)	13,64	3,99	-71%
CCC (days)	18,12	55,62	+207%

Figure 70 Efficiency Ratios Juventus

The values in Fig.70 show that Juventus has lost efficiency with the Cash Conversion Cycle, which has increased by 207% from 18 days to 55. This is mainly due to the failure to qualify for the 2023/24 Champions League, which has reduced sales by 100 million; meanwhile, the number of receivables doubled in 2024. This has increased the DSO by 84% from 51 days to 94, causing Juventus to lose efficiency.

To study Juventus' profitability, this thesis uses the DuPont analysis as explained in Chapter 1, and the results are summarized in Fig.71.

PROFITABILITY RATIOS[71]	**2023**	**2024**	**Δ%**
ROE	-2,94	-4,96	-69%
ROIC	-0,28	-0,70	-146%

[70] Realized by the Author
[71] Realized by the Author

PM	-0,20	-0,44	-127%
AT	1,45	1,57	+8%
FINANCIAL LEVERAGE	8,34	6,26	-25%
FIN & TAX EFFECT	1,25	1,14	-9%

Figure 71 Profitability Ratios Juventus

The profitability analysis highlights the dramatic situation presented throughout this thesis. Football today is not sustainable for most clubs. In the case of Juventus, the failure to qualify for the Champions League has worsened the situation, but we have already seen how the situation was critical even before. These indicators are indicative of the company's unprofitability.

The first value, which indicates Juventus' unprofitability, is the ROE, which is a concerning sign that the company is losing money relative to its equity. The decrease from -2.94 in 2023 to -4.96 in 2024 means that investors are losing money and that the situation has worsened due to the reduction in revenues caused by sporting performances. ROIC is negative and decreasing as well, as is the Profit Margin for both years, underlining that EBIT is also strongly negative; therefore, the problem should be looked for in the revenue/cost ratios. Financial Leverage highlights what has been observed before, that is, the greater reliance on debt rather than equity. In the end, the 9% decrease in the Financial and Tax Effect, from 1.25 to 1.14, may suggest that the company is facing challenges in managing its financial and tax impacts. A negative financial and tax effect further reduces overall profitability, indicating inefficient use of tax policies or the company's lower ability to manage taxes.

Business Evaluation

As mentioned before, there are different strategies to assess a company's value. In this thesis, four different methods will be used to estimate a reliable value for Juventus:

1) Accounting evaluation
2) Market share evaluation

3) Enterprise value multiples evaluation
4) Transaction-based multiples evaluation

To perform a Juventus valuation based on accounting values, we will consider the company's total assets. In this case, total assets amount to € 833,973,905 in 2023 and € 678,981,441 in 2024, and we have already analysed the causes of this decline. The accounting value is considered unreliable because it doesn't reflect fair values or market expectations. Moreover, it includes amortization and does not account for brand value. Indeed, it typically underestimates the company's worth and is therefore not used for valuation. What can be done is to use a total asset adjusted, changing the net players registration rights with the value given by Transfermarkt. Taking into account 2022/23 season (ended with the 30/06/2023 balance sheet), this value is € 623,20 million[72]. This way, the total asset value as of 30/06/2023 is € 1.133.616.795, a more reliable measure. A useful indicator based on accounting values is the market-to-book ratio. It is a financial indicator that compares a company's market value to its book value, providing insight into how the market perceives the company's worth relative to its accounting value. It is calculated by dividing the company's market capitalization (i.e., the current share price multiplied by the number of shares outstanding) by the book value of equity (i.e., total assets minus total liabilities, also known as shareholders' equity). A ratio greater than 1 suggests that investors are willing to pay more than the accounting value of the company, often due to expected future growth or strong intangible assets such as brand or reputation, so it is creating value. Conversely, a ratio lower than 1 may indicate that the company is undervalued by the market or possibly facing financial difficulties. This provides an opportunity to introduce the concept of market capitalization. This provides an opportunity to introduce the concept of market capitalization. This evaluation is called market capitalization. In Juventus's case, the club currently (as of 15/05/2025) has 379,121,815 shares listed on Borsa Italiana at a price of € 3.18 each[73]. By multiplying shares outstanding by € 3.18, Juventus' equity value (market cap) is € 1,205,607,372. To calculate enterprise value, we add debt and subtract cash and cash equivalents. Lacking a

[72] https://www.transfermarkt.it/juventus-fc/kader/verein/506/saison_id/2022/plus/1
[73] Data taken on Sole 24 ore

current estimate, we use the most recent figure from the balance sheet as of 30/06/2024: € 242,839,049 (short-term and long-term loans & payables less cash & cash equivalents), yielding an enterprise value of € 1,448,446,421. This evaluation is much more accurate than the accounting-based valuation, which, as expected, almost halved the actual value of the company. When we compare the enterprise value of € 1.448 billion with AC Milan's 99% sale for € 1.2 billion in 2022, the figure appears reasonable. AC Milan is comparable to Juventus in terms of audience, brand, reference market, and history, but unlike Juventus, it does not own a stadium and has a lower squad value according to Transfermarkt (€ 523.5 million vs. € 623.2 million). Therefore, it is plausible to assume a slightly higher enterprise value for Juventus, making the € 1.448 billion valuation consistent and well justified. Returning to the market-to-book ratio (MTB), it can now be calculated as follows:

$$MTB = \frac{Market\ Cap}{Book\ value\ of\ equity} = \frac{€\ 1.205.607.372}{€\ 40.196.831} = 30$$

The very high market-to-book ratio observed for Juventus can be largely attributed to the company's capital structure, which features a relatively low equity base compared to its significant financial liabilities. As previously discussed in the financial analysis chapters, Juventus carries a substantial amount of debt, which reduces the book value of equity reported on the balance sheet. Since the Market to Book ratio is calculated as the market capitalization divided by the book value of equity, a low equity value naturally inflates this ratio.

This phenomenon is common in the sports industry, where traditional accounting figures often fail to capture the full value of intangible assets such as brand equity, player registration rights, and long-term revenue potential from broadcasting and commercial activities. The market, therefore, tends to price the company based on future expectations and the intrinsic value of these intangible assets rather than just the net asset value shown in the financial statements.

Consequently, the elevated Market to Book ratio reflects investor confidence in Juventus's growth prospects and competitive positioning, despite the relatively weak equity base. However, it also signals the presence of increased financial leverage, which,

while potentially enhancing returns, exposes the company to higher financial risk and greater sensitivity to market fluctuations and operational performance.

Another way to estimate Juventus enterprise value is using ratio analysis. But applying multiples to football club has three main problems:

- Few football clubs are publicly listed, and the available ones often differ significantly in terms of size, financial structure, business model, and geographical market. As a result, finding suitable comparable for Juventus is challenging.
- Most clubs have negative EBIT and EBITDA. Consequently, the number of reliable market multiples that can be calculated and applied is significantly reduced, potentially impacting the valuation's robustness.

To overcome these issues, this thesis will use the EV/sales multiple, as it relies on positive values. To address the first problem, the analysis will be approached in two ways:

1) Calculating EV/sales of the few listed clubs available
2) Using transactions where clubs have been sold happened in last 7 years as proxy of the enterprise value

The most similar listed clubs to Juventus are Manchester United, Borussia Dortmund, Olympique Lyonnais, Ajax and SL Benfica. Fig. 72 reports their EV/revenue ratios, taken from Yahoo Finance, along with the calculated average.

Club	EV/revenues
Man. United	4,02
OL. Lyon	2,97
Ajax	1,59
Benfica	1,69
Borussia Dortmund	0,91
Average	**2,236**

[74]

Figure 72 Listed Companies EV/revenues

Now that we have the average EV/revenue multiple, we can calculate Juventus' enterprise value by multiplying it by Juventus' revenues. Before doing so, it is necessary to remember the limitations of this measure. Finding good comparables would be difficult,

[74] Data from Yahoo Finance

even with all European clubs available, because in this sector every club differs significantly from the others. Moreover, in this case we can only use small clubs, many of which have enterprise values very different from Juventus' (Yahoo Finance estimates Borussia Dortmund's EV at € 470 million), so we expect this method to underestimate Juventus' enterprise value. With that clarified, we are ready to calculate Juventus' EV by multiplying its revenues by 2.236. As expected, the value calculated with this method, € 882.245.254, is lower than the market cap-based enterprise value mentioned earlier. It should be noted that 2024 was a peculiar year for Juventus, with no Champions League revenues. Therefore, we can recalculate using 30/06/2023 revenues, obtaining a more reliable enterprise value of € 1,135,111,453.

The second method allows us to compare Juventus with non-listed companies more similar to the club. To apply it, we need to identify clubs which have been wholly or partially sold in recent years and select among those most comparable to the Bianconeri. These transactions are public, and we can use it as proxy of a club enterprise value. A few days ago, I attended a football finance masterclass led by Federico Mussi, a PwC partner who works on drafting PwC's annual football report. In this lesson, Federico presented Figure 73, showing EV/revenue multiples for AS Roma, Fiorentina, Atalanta, and AC Milan. In Figure 73, the table shows each deal's value, and the percentage of the club acquired; the enterprise value is then inferred from that percentage (i.e., the implied multiple). For certain clubs, an adjusted multiple is calculated to account for extraordinary, non-recurring revenues in a given season.

Club	Data del deal	Deal Value (€m) & stake (%)	Enterprise Value (€m)	Multipli (EV/Ricavi[1])	Multipli (EV/Ricavi aggiust.)	Media Multipli aggiustati
	Giugno 2022	1,200 99.9%	1,201	4.6x	4.3x[2]	2.4x
	Febbraio 2022	275 55%	500	2.1x		
	Agosto 2020	594 100%	594	3.4x	2.0x[4]	
	Giugno 2019	170 100%	170	1.5x	1.2x[3]	

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Figure 73 Transaction multiple evaluation

This results in an EV/revenue multiple slightly higher than the one calculated for listed companies. To calculate Juventus EV, we need to multiply the 2,4x multiple by Juventus' revenues. This yields an enterprise value of € 946,953,761 for 2024 and € 1,218,366,497 for 2023. Once again, using the 2023 value is more appropriate, given that the revenue structure better reflects Juventus' usual composition.

Figure 74 summarizes these results, showing the averages with and without the accounting value, which, as mentioned earlier, is not very representative of the company's true value.

EVALUATION METHOD	JUVENTUS EV
Total Assets Adjusted	1.133.616.795,00
Market Cap	1.448.446.421
Listed Clubs EV/Revenues	1.135.111.453
Transaction EV/revenues	1.218.366.497
Average	1.233.885.291
Average without total assets	1.267.308.124

Figure 74 Evaluations Resume

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[75] Federico Mussi football finance master class
[76] Data obtained on Yahoo Finance information

CONCLUSIONS

It is time to draw conclusions from all the evidence gathered so far. Football is in crisis, the growth of TV rights and the advent of foreign investors has raised costs much more than revenues. Only the Premier League thanks to its higher incomes can afford players, but the difference with other leagues forces them to overspend to compete. This led clubs to worsen their income statements and ask resort to debt to recover the losses. To exit this negative cycle there are two ways: decrease costs or increase revenues.

The first one is more complex because decreasing costs often mean making the club less competing and the last chapter evidenced how on-pitch performances are essential for a club. By reducing wages selling the best players does not improve financial situation, if the club doesn't manage to qualify for the UEFA Champions League.

One sustainable way to reduce costs is to improve the academy. Invest in the youth sector allows the club to save on new player purchases, grooming new talents with little costs, who are already known by the staff and with lower wages. Moreover, when those players are sold, the entire price is recorded as revenue (capital gain). It is not only important to invest in infrastructure and young players but also to have the strength to defend them as a club and give them time to grow. Indeed, the issue in such cases is that clubs seeking immediate success demand players who are ready to make a difference, while a talent, by definition, needs to play, make mistakes, and grow before becoming a champion. In Italy, football is experienced very passionately, and especially in certain contexts, a defeat brings criticism and can destabilize the atmosphere if the club is not solid and does not defend its players from supporters and the press. This is not done by many clubs and leads them to prefer players who are already ready to handle the pressure. But, as mentioned before, those players come at a cost. A solution that Italian clubs and the federation are applying (already implemented for years by Spanish clubs) is to register a second team in a lower division. The first club to do this was Juventus, which in 2018 founded Juventus Under 23 (today Juventus Next Gen) and enrolled it in Serie C. This way, the club can give its youngsters the opportunity to play in a professional league before joining the first team, so they gain the maturity and experience needed to make an impact and cope with pressure immediately. After seven years, we can already say that Juventus' investment has brought significant results. According to Sky Sports, Juventus spends 9 million

per year to sustain the Next Gen, and only in the last two years, the club has earned more than 100 million from capital gains from player sales. In recent years, Milan and Atalanta have followed Juventus' example, and more and more teams are likely to do the same. This is not enough to compete with other leagues, but it can certainly lower costs and increase revenues. However, to raise real champions, federations should act differently. While initiatives like second teams are a step forward, they alone may not suffice to elevate Italian football to the level of top European leagues.

In contrast, France has implemented a comprehensive youth development strategy through its *Centres de Formation*, which has significantly contributed to producing world-class talent. The Centre Technique National Fernand Sastre (Clairefontaine), established in 1988, serves as the flagship academy for elite youth training. It has been instrumental in shaping players like Kylian Mbappé, Thierry Henry, and Blaise Matuidi. The French Football Federation (FFF) oversees 15 regional academies, including Clairefontaine, focusing on holistic development from a young age. These centres emphasize not only technical and tactical skills but also physical, psychological, and educational growth.

In addition to elite academies, the FFF has invested in grassroots programs to identify and nurture talent nationwide. The *Pôles Espoirs* network provides specialized training for young players, while initiatives like the *Football for Schools* project aim to introduce the sport to a broader demographic, ensuring inclusivity and widespread talent identification. Moreover, the FFF has embraced innovation through its Kick-Off unit and the Performance Laboratory in Clairefontaine, focusing on research and development using new technologies, particularly Big Data, to enhance training methodologies and player development. By adopting a multifaceted approach that combines elite academies, grassroots programs, and technological advancements, France has created a robust system that consistently produces top-tier football talent.

It is no coincidence that the French national team has played in the last two World Cup finals, winning one of them, and that Paris Saint-Germain is going to play the 2024/25 Champions League final. Italy could benefit from a similar strategy, integrating these elements to strengthen its youth development framework and compete more effectively

on the international stage. This would also help the Italian national team, which failed to qualify for the last two World Cups, the worst result in its history.

Another cost that has to be brought under control is wages but maintaining competitiveness while reducing wages is something that can be achieved by investing in young players. Federations must also intervene to stop the Premier League's monopoly on talent, perhaps by introducing salary cap rules to prevent them from spending money that other leagues can't afford.

Apart from this, the cost structure is mostly rigid and changing it could be difficult without reducing competitiveness. To create value, there is more margin to operate on revenues, where the gap with the Premier League is greater. The arrival of many foreign investors is probably due to this, the possibility to create value by increasing revenue streams. Indeed, it is possible to work with all three main revenue sources: stadium, commercial, and TV rights.

First of all, as discussed in the relevant chapter, very few teams own their stadiums, especially in Italy. To create value, it is necessary to find resources as soon as possible to finance construction and build a facility that can become an attraction for the city and a revenue source 7 days a week, with sky boxes and hospitality areas, allowing the club to raise season pass and ticket prices.

Then it is necessary to work on the brand, to create a revenue stream more or less independent from on-pitch performance, acting as insurance against failure. To do so, it is important to expand the brand both geographically and in terms of product range. For instance, collaborations with fashion brands to design streetwear featuring the club's logo, which can be worn off the field, or designing jerseys with the technical sponsor that are attractive even to fans of other teams. It is also important to communicate the brand through social media. Juventus has taken the lead with the Juventus Creator Lab, and other teams should follow the Turin club's example.

Today, followers engage with football differently, seeking daily content more than 90-minute matches, and clubs must take advantage of this by giving fans what they want. Geographical expansion is also essential for audience growth and, consequently, for the sale of TV rights abroad.

Italian teams must become better known internationally. Markets like Asia or America are huge and should be tapped into by making people fall in love with Italian football and become passionate about players and clubs through summer tours and promotional initiatives. This would also attract more foreign investors and sponsors. Since the prices of Dazn and other broadcasters are becoming increasingly high, it is difficult to imagine domestic rights increasing in value, while international rights remain an exploitable market.

Reaching foreign followers is indeed essential, and this thesis will propose a possible solution to make Serie A more appealing for broadcasters. Today, Serie A is a 20-team competition in which often the bottom one or two clubs are already relegated to Serie B, and the winner is decided by April or even earlier. This makes the league much less attractive for the public and for broadcasters, who must purchase matches like Monza vs. Hellas Verona, games that aren't even watched by most Italian fans, let alone international ones. Moreover, the competition for the title is usually over very early, causing audiences to lose interest.

One solution could be reducing the number of clubs from 20 to 18 (as in Germany), meaning teams would play fewer league matches and TV rights income could be better distributed among fewer clubs, making the championship more competitive and interesting. It would also be interesting to introduce a *Poule Scudetto*, like in Women's Serie A, a sort of playoff where, at the end of the season, the top 6 or 8 clubs play each other again to decide who wins the Serie A and qualifies for the Champions League, starting from the ranking and points acquired during the regular season.

This way, the number of matches per team would remain almost the same, but Serie A, after removing two teams, would sell broadcasters a package of a few additional but higher-value matches containing 5 to 7 more big games that are also decisive for the final results. The price of this package couldn't be the same as the current one. Furthermore, international supporters would be more interested in watching the final showdown for the title, all the more so considering it would take place during a period when other leagues are already decided or nearing their end, giving Serie A no rivals for attention.

In conclusion, to create value in a football team, it is essential to try to reduce costs and increase revenues. Costs are difficult to reduce without losing competitiveness, which

must be preserved even at the cost of going into debt and recording losses (as shown in the last chapter, failing to qualify for the Champions League is dramatic for a club like Juventus). The best way to reduce costs is by investing in young players, but this can be difficult, and federations and UEFA must introduce rules to support clubs in doing so.

On the other hand, the only sure way to improve the financial situation is to invest in the brand and ensure a revenue stream independent of performance in order to start a positive cycle. A stronger brand leads to more supporters/customers, which means higher revenues in the form of TV rights, ticket sales, and commercial deals, as well as attracting more investors and sponsors. This improves the club's financial situation, allowing it to purchase better players and be more competitive both domestically and internationally. A more competitive club increases revenues from prize money, strengthens the brand (reinforcing the cycle), and enhances the attractiveness of the league, generating increased revenues for other clubs as well. To achieve this, a new generation of football managers is needed, not only football experts or former legends, but financial managers who fully understand this cycle and know how to reinforce it (Fig.75).

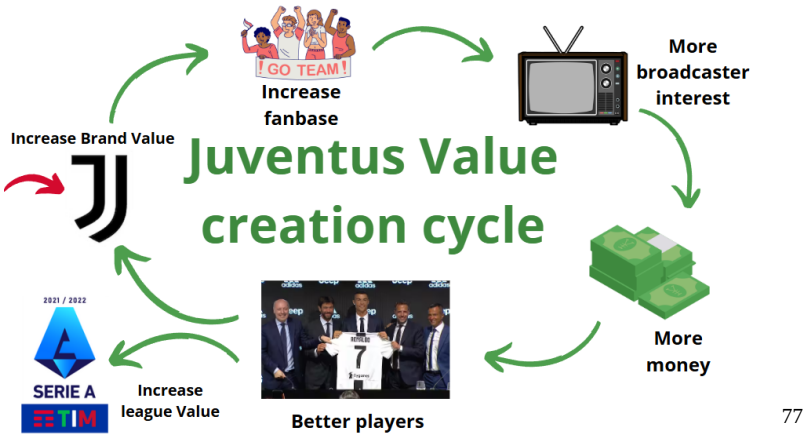

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Figure 75 Juventus value creation cycle

[77] Created by the author

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