



Club Licensing Benchmarking Report FY2010 & Financial Fair Play



Agenda

- What is the UEFA Club Licensing Benchmarking Report FY2010
- Highlights of the FY2010 Report
- Next steps

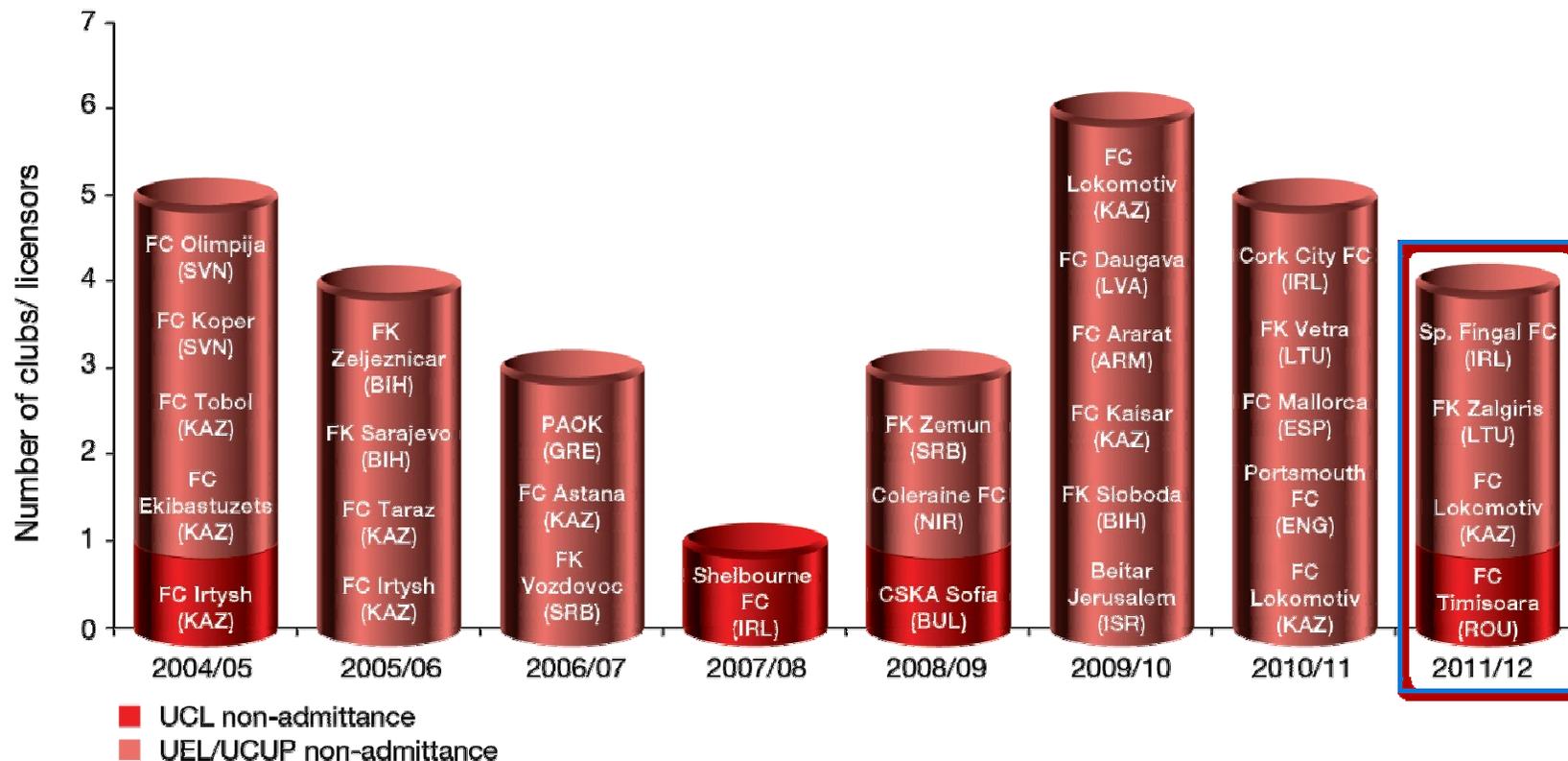


What is the Benchmarking Report?

- **The purpose of the report is to paint a comparative map of football in Europe across many dimensions:**
 - Financial, sporting, and licensing perspectives
- **In addition to the updated financial figures, this edition contains:**
 - Analysis of youth participation
 - Examination of head coach profiles and migration
 - Exclusive chapter on transfers



Club Licensing



- **Another 4** clubs sportingly qualified for the UEFA Champions League or Europa League were refused entry due to licensing grounds;

- **31** in total from 2004/05 to 2011/12



Attendances

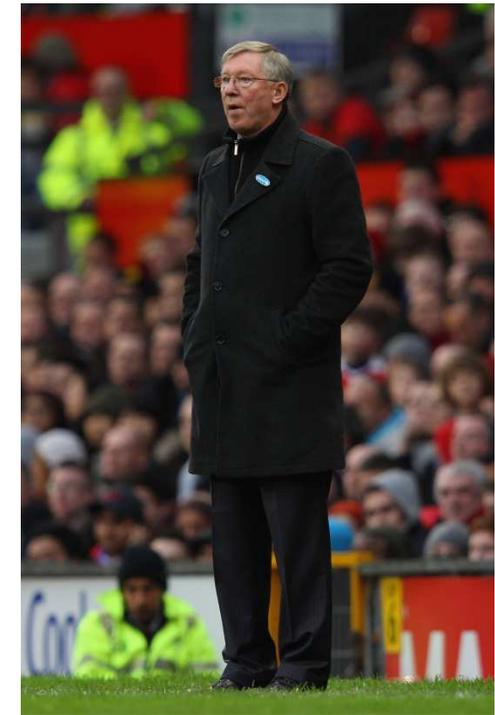
- Over **101 million** fans attended domestic club championship matches in Europe;
- Approximately **100** clubs filled their stadium 75% to capacity on average, more than half of these from Germany, England and the Netherlands.
- **22 of 48** top divisions (45%) with comparable data recorded an **increase** in attendances in 2010/11;





Long term investments

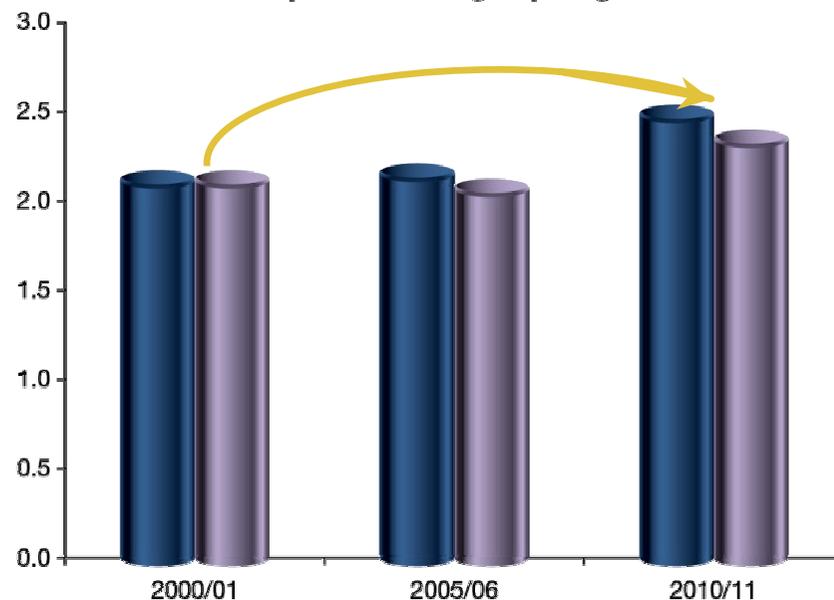
- **96%** of club head coaches have obtained a UEFA approved coaching licence from their national association;
- **53%** is the proportion of minutes played by locally trained players during the 2010/11 competitions



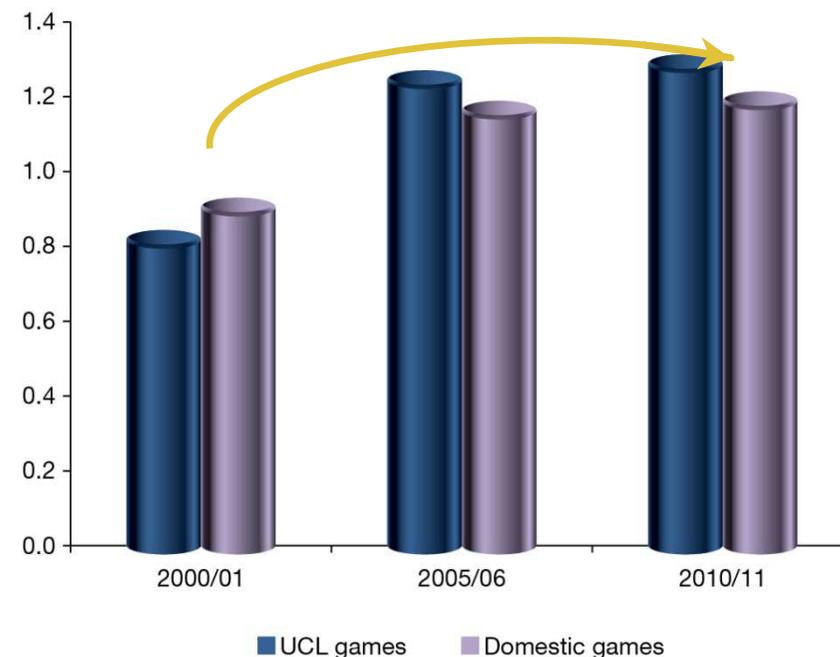


Youth participation

Average number of club-trained players on the pitch for UCL group stage clubs



Average number of U-21 players on the pitch for UCL group stage clubs



- Despite players moving clubs more often, the average number of club trained players on the pitch during UEFA Champions League group stage matches has increased to **2.5** from 2.1 ten years ago;

- U21 players have also increased their presence on the pitch in both the UCL and domestically.



Financial results

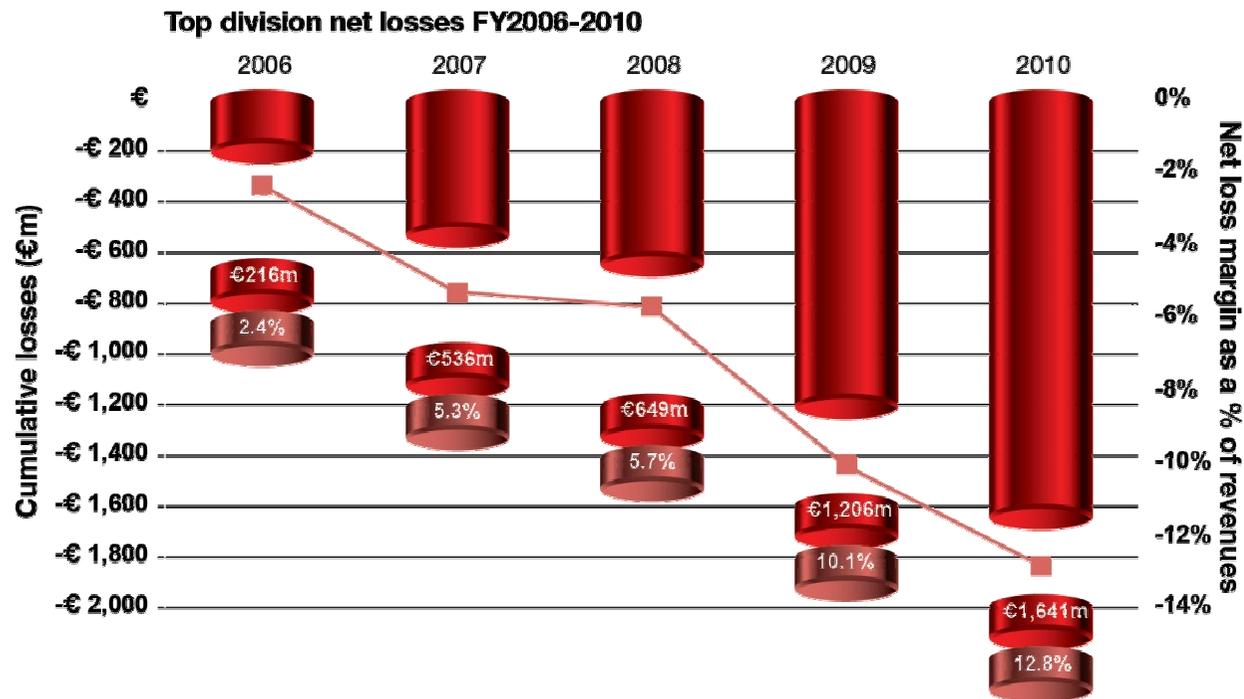
- Total income increased from €12.0bn FY2009 to **€12.8bn** FY2010;
- Total costs increased from €13.3bn FY2009 to **€14.4bn** FY2010;

**€1.6 billion
net loss**

- **56%** of top division clubs reported net losses;
- Reason for increase in losses (**400m€**) due to lower transfer profits;
- Salaries stabilized compared to income **64%**



Bottom line



- Net losses have increased every year in spite of continued income growth. Between 2008 and 2010, almost **€1 billion was added** to top division net losses.
- Estimated **13** clubs would have failed the break-even test – deficit > 45m€



Financial Fair Play rules

- Financial Fair Play rules implemented over a staged approach;
- Overdue payables monitored as from June 2011;
- Soft-implementation on break-even requirement started November 2011;
- The test exercise will concern the financial years 2009, 2010 and 2011;
- Continuous cooperation with the clubs and ECA;
- **18** countries and **39** clubs voluntarily taking part in this test exercise;
- Full implementation of the break even requirement as from 2012 with first assessment that will be done during the 2013/14 season.



Soft implementation of break-even

NA	Participating Club	NA	Participating Club	NA	Participating Club
AUT	FK Austria Wien	GER	Bayer 04 Leverkusen	SUI	Young Boys Bern
BEL	RSC Anderlecht		FC Bayern München	SWE	IF Elfsborg
	Club Brugge		Borussia Dortmund	TUR	Galatasaray SK
	R.Standard de Liège		FC Schalke 04		Trabzonspor A.S
DEN	Odense Boldklub	GRE	Olympiakos FC	UKR	Shakhtar Donetsk
ENG	Chelsea FC	ITA	FC Internazionale Milano		
	Manchester United FC		SSC Napoli		
	Manchester City FC		Udinese Calcio		
	Tottenham Hotspur FC		AC Milan		
ESP	FC Barcelona	NED	AZ Alkmaar		
	Real Madrid CF		PSV Eindhoven		
	Sevilla FC	NOR	Valerenga Fotvall		
	Valencia CF	POR	Sporting Club de Portugal		
FRA	Olympique Lyonnais	RUS	Sport Lisboa e Benfica		
	Girondins Bordeaux		CSKA Moskva		
	Olympique Marseille	Zenit Saint Petersburg			
	Paris Saint-Germain FC	SCO	Celtic FC		



Next steps

- Full implementation of the IT tool to collect financial data from clubs in June 2012;
- Continuous training of football clubs and national associations;
- Continuous dialogue and cooperation with EU institutions;
- Put in place of all necessary infrastructure to cope with this important project;
- Strengthening the role of the Club Financial Control Panel – statutory amendments to be approved at next UEFA Congress in Istanbul

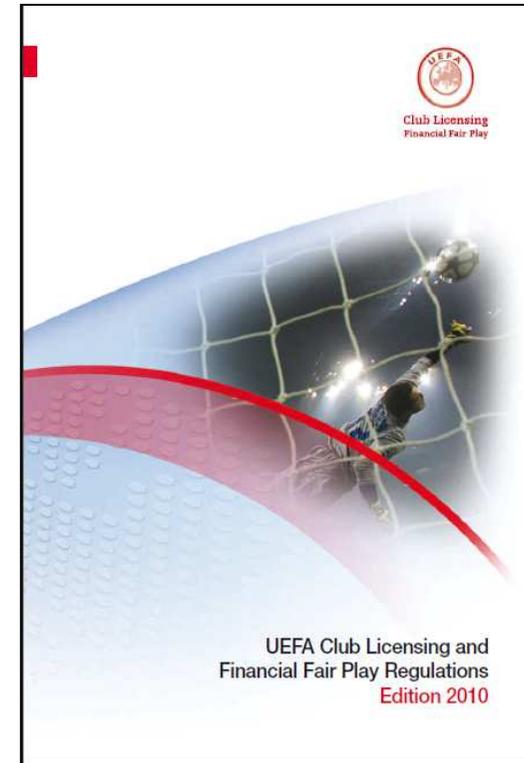


The regulations and the monitoring process



The regulations

- Approved by **UEFA EXCO** on 27 May 2010;
- The regulations have been discussed with all stakeholders and in particular the **clubs (ECA)**.





The club licensing and financial fair play objectives

- Protect the integrity of the competitions;
- Encourage clubs to operate on the basis of their own revenues;
- Encourage responsible spending for the long-term benefit of football in infrastructures and youth football;
- Ensure that clubs competing in European competitions have paid their debts towards other clubs and employees;
- **Protect the long-term viability and sustainability of European club football.**



Enhanced Overdue Payables and Future Financial Information

- All clubs competing in UEFA competitions are requested to submit information on overdue payables as at 30.06;
- Clubs presenting warning signs are again requested to submit information on overdue payables as at 30.09;
- Clubs presenting warning signs are requested to also submit FFI



Break - even rule

Acceptable Deviation Levels

Monitoring Period	Number of Years	Financial Statements yrs			Acceptable Deviation (€m)	
		T-2	T-1	T	Covered	Not covered
2013/14	2	N/A	2012	2013	45	5
2014/15	3	2012	2013	2014	45	5
2015/16	3	2013	2014	2015	30	5
2016/17	3	2014	2015	2016	30	5
2017/18	3	2015	2016	2017	30	5
2018/19	3	2016	2017	2018	<30	5



Proposed amendments to the UEFA Statutes

Club Financial
Control Panel



Club Financial
Control Body

- CFCB to become part of UEFA's Organs for the Administration of Justice;
- Competence over Club Licensing and Financial Fair Play matters;
- Appeal against the decision of the CFCB will be made directly to the CAS.



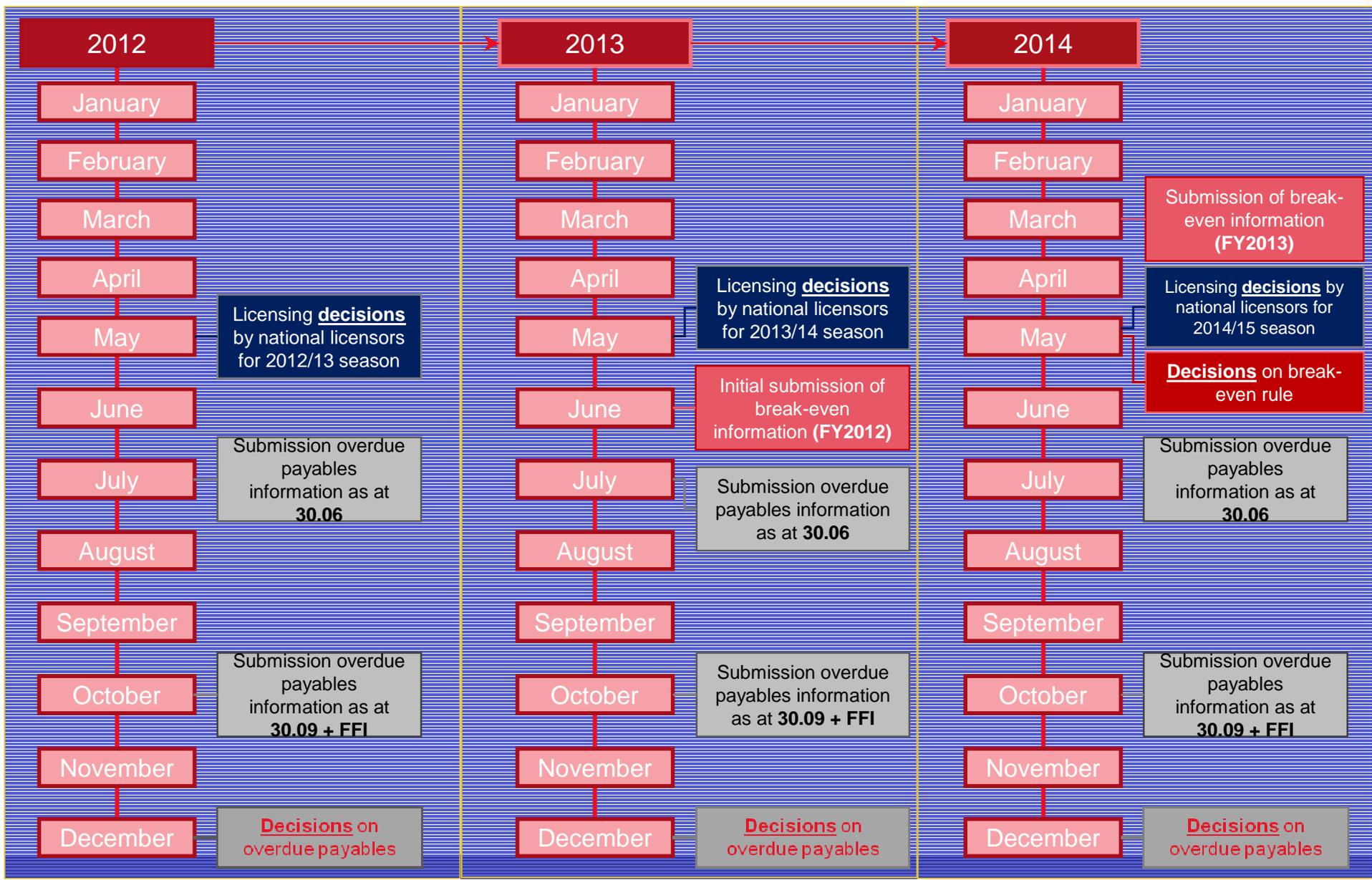
Potential sanctions

- Reprimand / Warning
- Fine
- Deduction of points
- Withholding of revenues from a UEFA competition
- Prohibition to register new players in UEFA competitions;
- A restriction on the number of players that a club may register for participation in UEFA competitions
- Disqualification from a competition in progress
- Exclusion from future competitions

Shaded blue new sanctions – still to be approved by UEFA Congress next March



Key dates

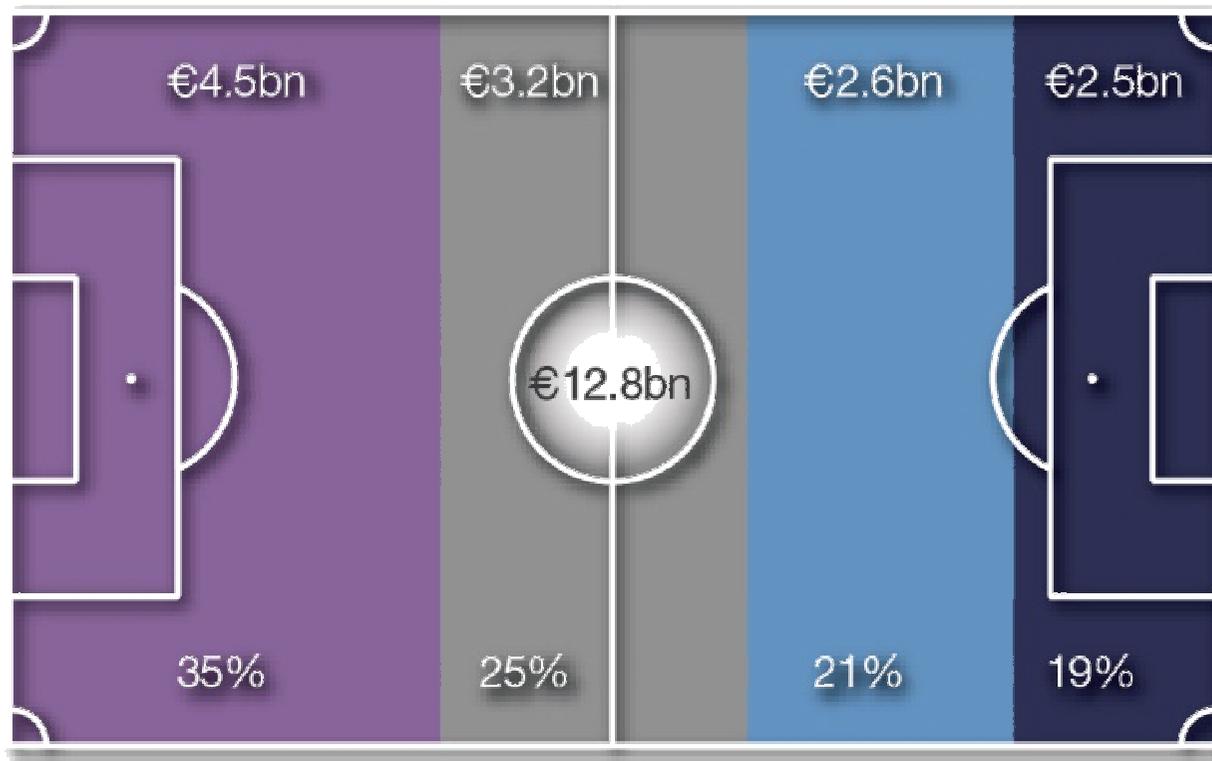




The financial state of football



Club Incomes

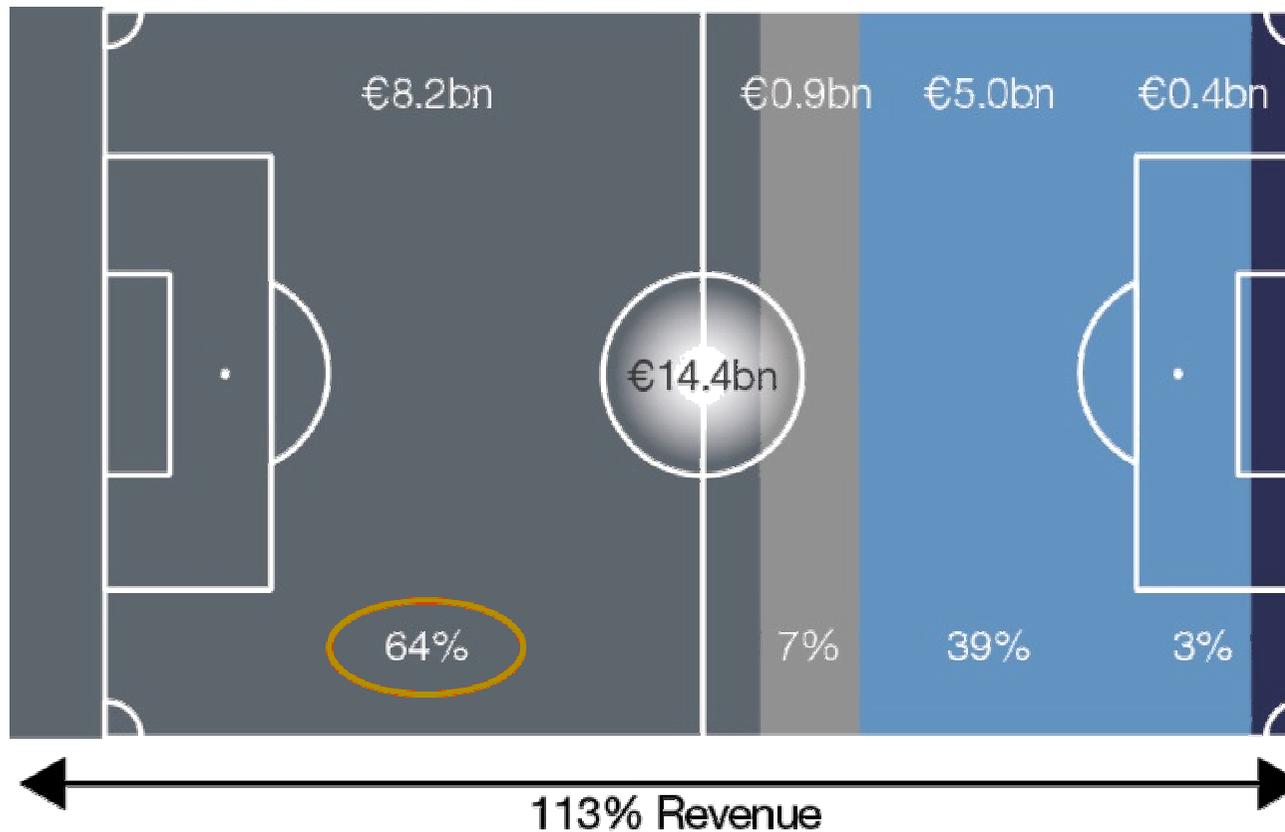


■ Broadcasting ■ Gate receipts
■ Advertising & sponsorship ■ Commercial & other income

- Total income increased from €12.0bn FY2009 to **€12.8bn** FY2010;
- This represented a **6.6%** increase over FY2009



Club costs



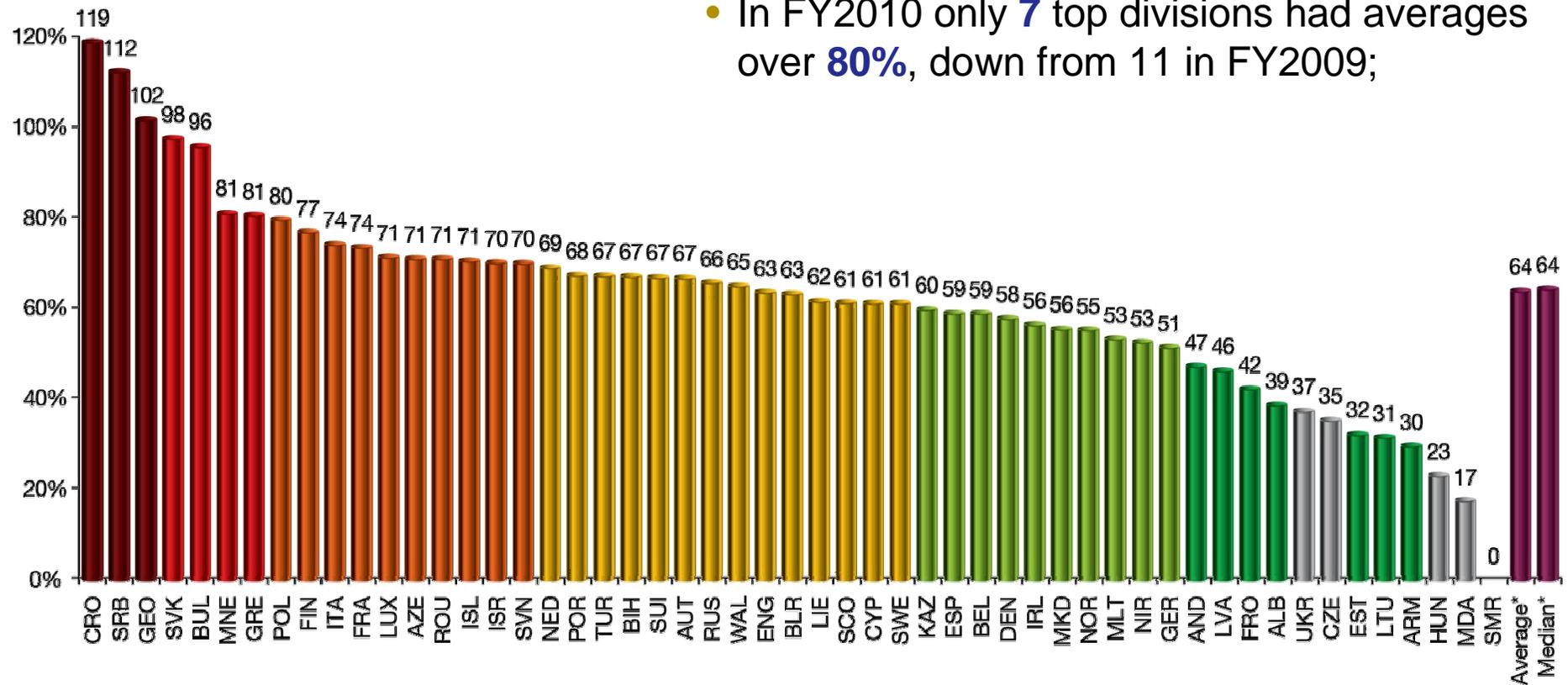
- Total costs increased **9.3%** from €13.2bn in FY2009 to **€14.4bn** in FY2010
- The average percentage of income spent on employee costs, **64%**, decreased slightly from FY2009 after four years of increasing percentages;

■ Employee costs ■ Operating expenses
■ Net transfer costs ■ Non operating expenses



Employee costs

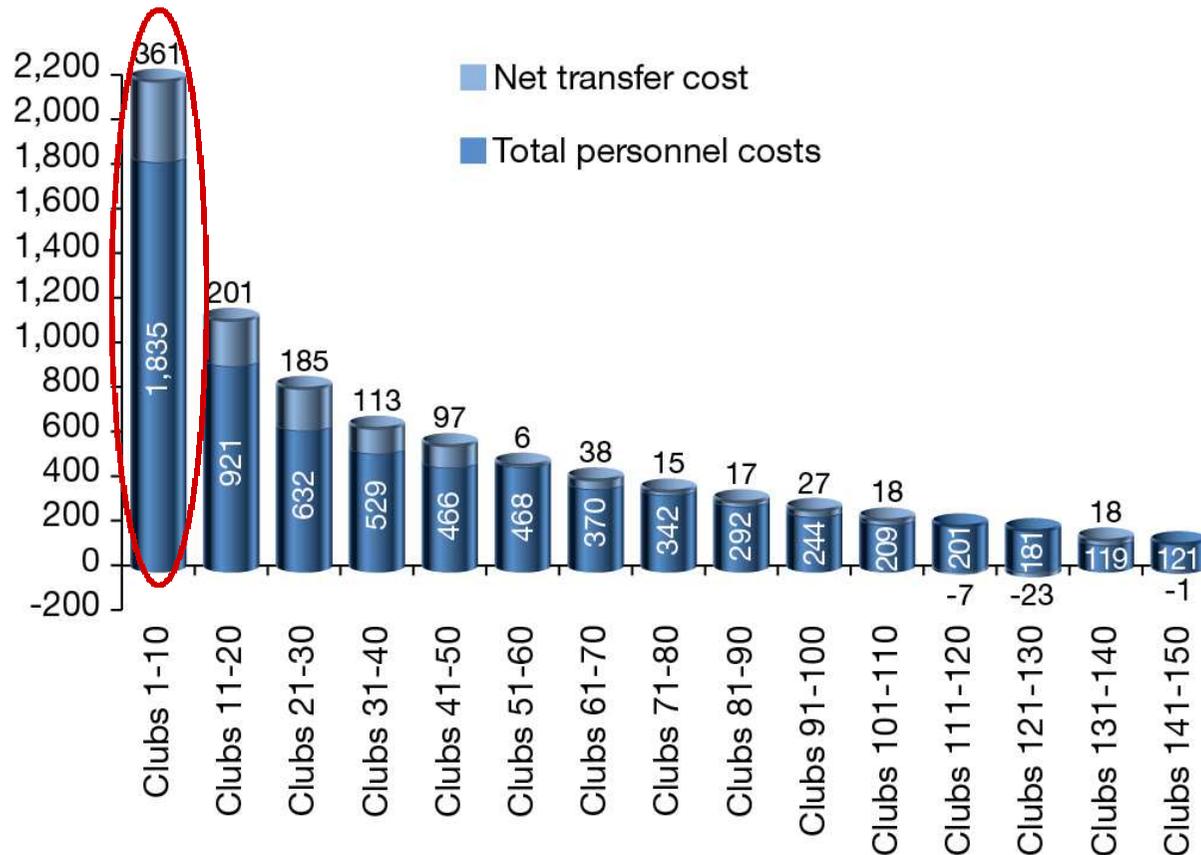
- There are still **78** clubs spending **over 100%** of revenues on wages and **254** spent over **70%**;
- In FY2010 only **7** top divisions had averages over **80%**, down from 11 in FY2009;





How does player spending differ

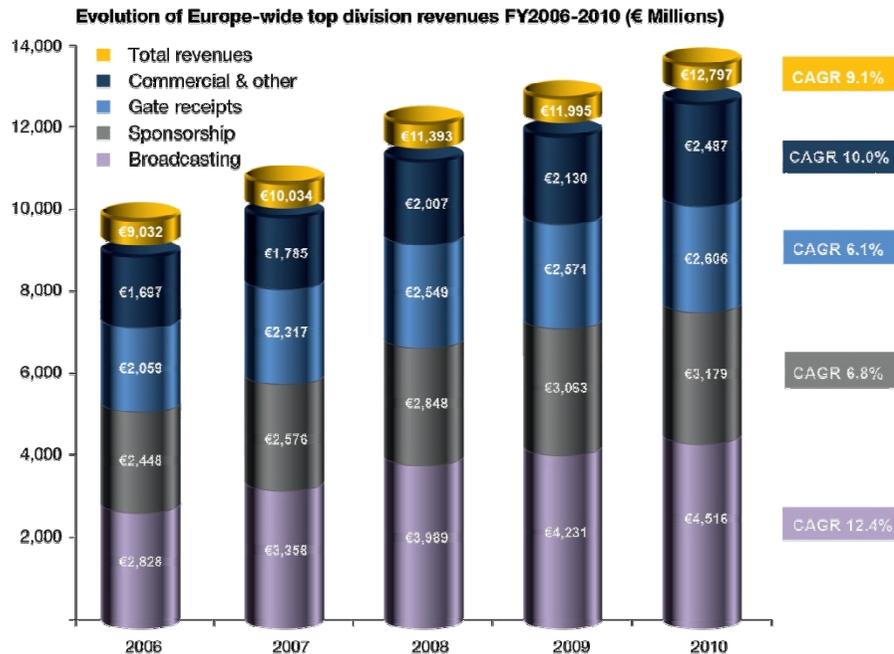
Combined employee costs (€m) for clubs grouped and ranked by costs



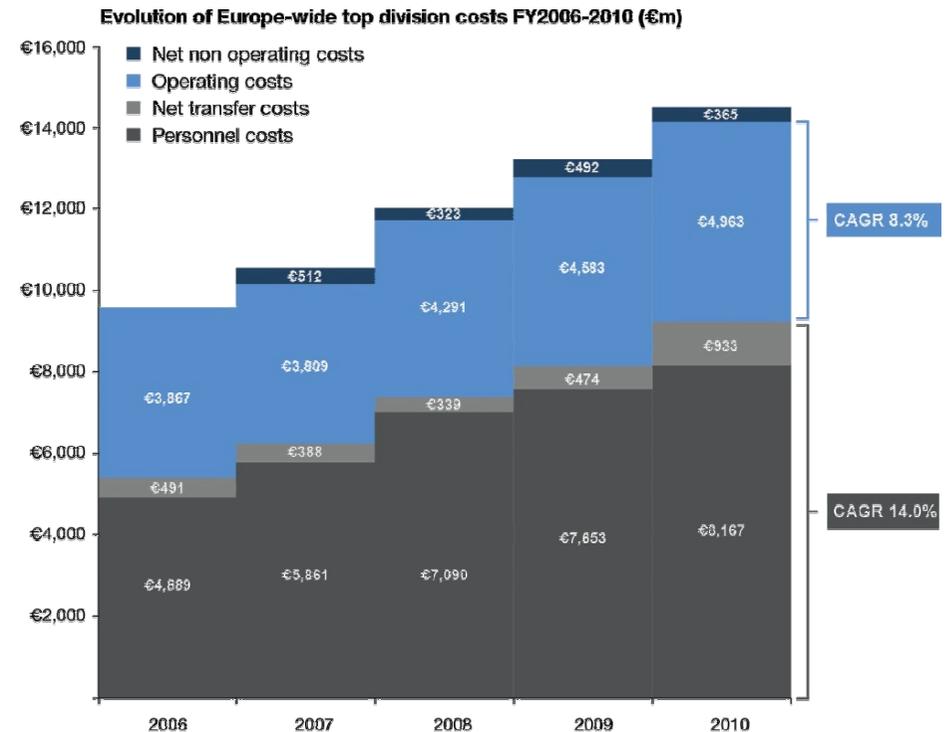
- The ten largest spending clubs incurred personnel costs and net transfer costs of €2,196m which was **96% more** than the next ten clubs
- These top ten clubs accounted for **24%** of all top European division personnel costs



The trends



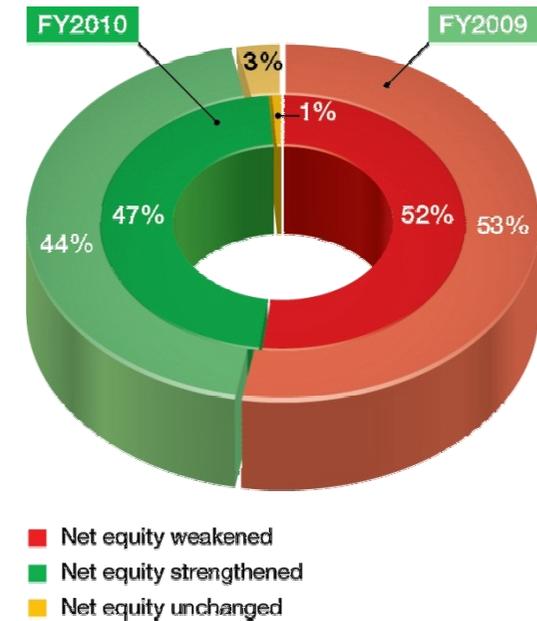
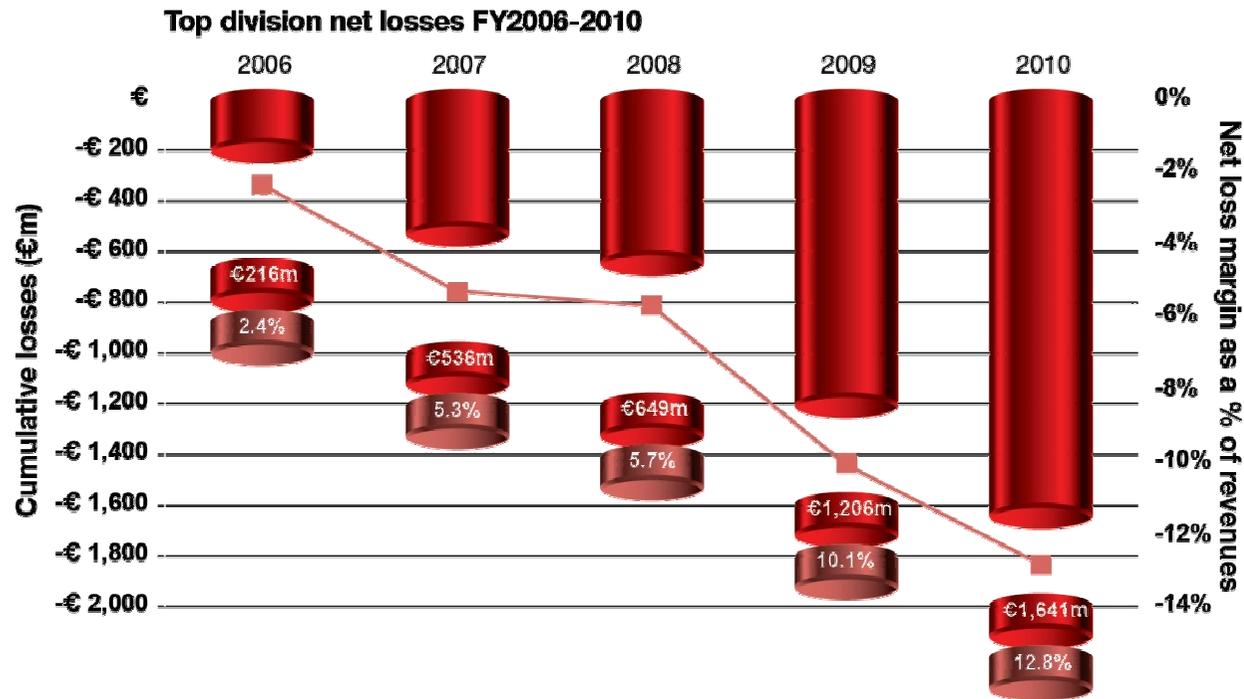
- Over the past five years, revenues have increased approximately **9.1%** per year with broadcasting driving the growth at **12.4%** per year



- Combined employee and net transfer costs grew at an average annual rate of **14.0%**



Bottom line



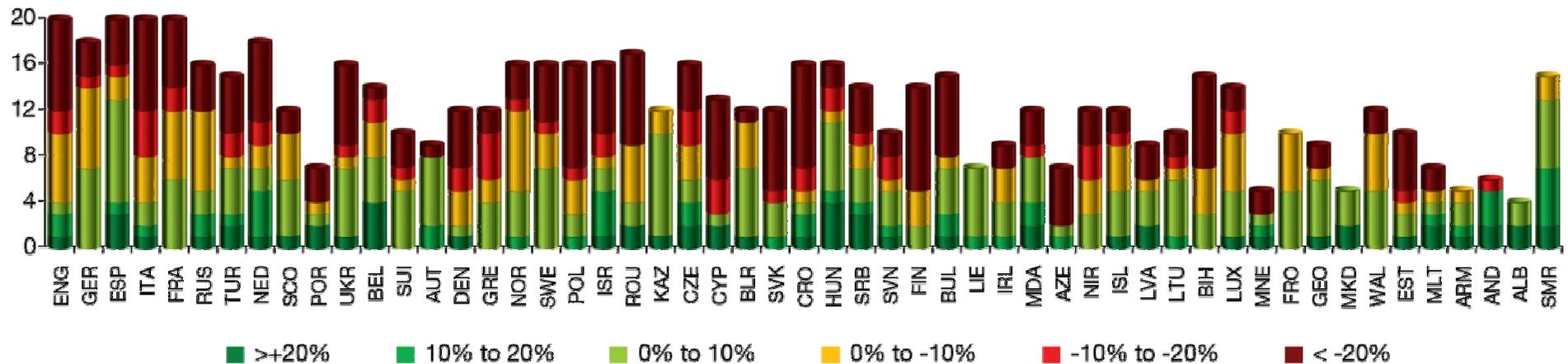
- Net losses have increased every year in spite of continued income growth. Between 2008 and 2010, almost **€1 billion was added** to top division net losses;

- **52%** of clubs had their balance sheet deteriorate during FY2010 by an aggregate of **€1,510m**



What proportion of clubs are loss making?

- Clubs in nearly all top divisions contributed to the 36% increase in net losses over FY2009 and 153% over FY2008;
- **56%** loss making clubs
- **65%** loss making clubs in UEL and UCL
- **However the “green” clubs in all countries also means it is possible to break-even and record profits**





Preparing for financial fair play

- Clubs from **ALL** countries are already being monitored for overdue payables;
- As of 30 September 2011, clubs competing in UEFA competitions reported a total of more than **€100m** deferred payables;
- **22** countries have at least one club (**67** in total) with combined deficits of more than €5m; out of those 67, **13** clubs reported combined deficits of more than €45m
- **90%** of clubs competing in UEFA competitions fulfilled the BE criterion

3-year break-even result

All clubs BE surplus or exempt	12x
One or more clubs BE deficit > €5m (requires contributions)	22x
All clubs exempt	19x

