

KPMG

The Player Trading Game 2017



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Credits: Paris Saint-Germain FC

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Foreword



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Only one year ago, the whole football world was stunned when Manchester United FC broke the transfer record by signing Frenchman Paul Pogba for EUR 105 million. Despite being considered by many as a disproportionate and unsustainable trend, this summer we have witnessed a further pull of the financial muscle exercised by clubs. The “Neymar effect”, i.e. the flamboyant Brazilian striker leaving FC Barcelona for EUR 222 million upon payment by Paris Saint-Germain FC of his release clause, continued a domino effect across the entire transfer window. Indeed, put under pressure to replace their star, the *Blaugrana* signed Ousmane Dembélé for a reported EUR 105¹ million (plus add-ons). If we also consider the further incursion in the transfer window made by *Les Parisiens* with the acquisition of French talent Kylian Mbappé, on loan with the option of a permanent transfer next year for around EUR 180 million, then three players have already surpassed the price tag of Pogba, after only one season.

These transfer figures have made pundits turn up their noses, questioning whether such profligacy is actually sustainable in the long-term and wondering how much former football legends such as, for instance, Luís Figo, Zinedine Zidane or Ronaldo would cost nowadays as they were reportedly transferred for EUR 60, EUR 73.5 and EUR 28 million, respectively, when the Portuguese and French footballers moved, in different seasons, to Real Madrid CF and Ronaldo joined FC Internazionale. However, while increasing transfer fees continue to command the attention of the

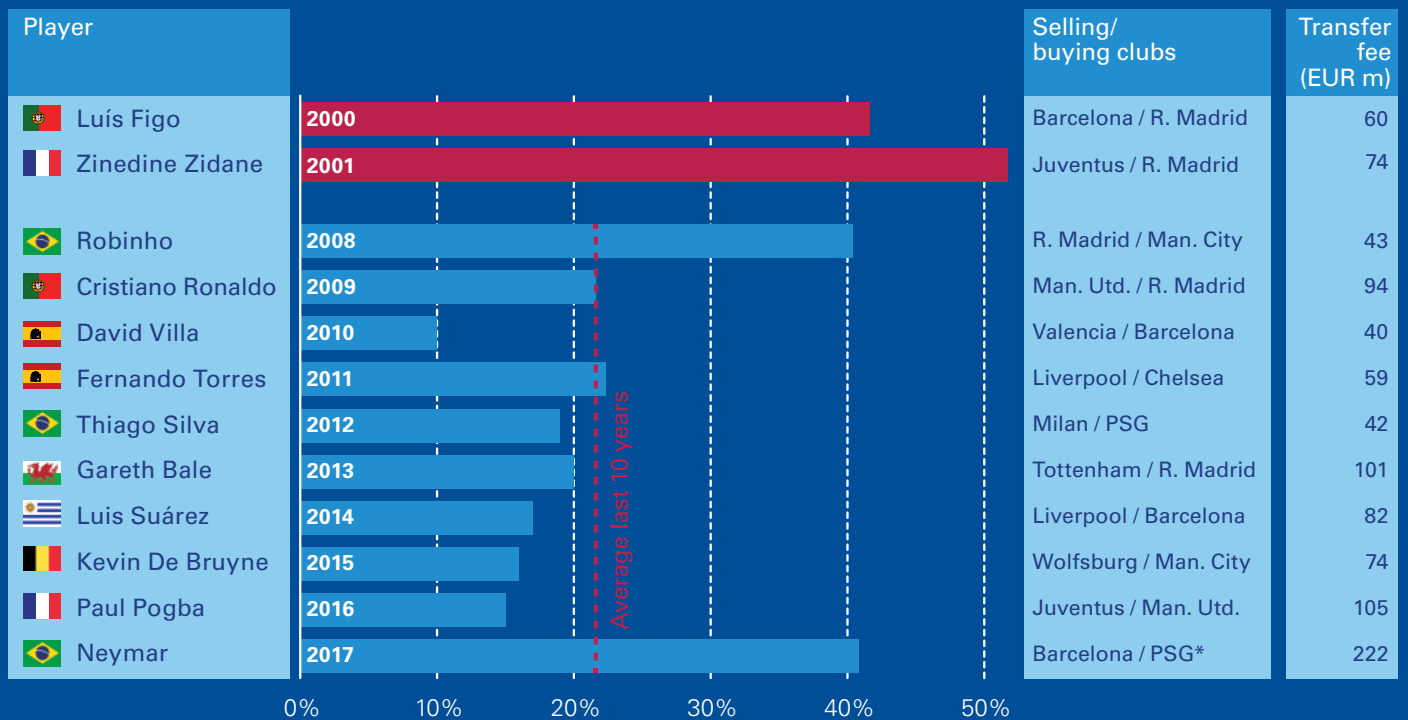
media and fans, it is noticeable that the ratio between the fee paid for record transfers and the operating revenues of the acquiring club has remained stable at approximately 23% in the last 10 years. In view of that, Neymar’s acquisition by Paris Saint-Germain FC (at 42%) could be considered as an exception, and more aligned to the ratio at the turn of the century when Figo and Zidane moved to Real Madrid CF from FC Barcelona and Juventus FC.

The obvious questions raised from such an analysis are: Is Neymar worth EUR 222 million? Can the estimated overall investment of approximately EUR 500 million produce a reasonable return? From a strictly financial perspective, when looking at the benefits obtained from additional stadium and broadcasting revenues, as well as the increased chances of winning the UEFA Champions League, the answer would most likely be negative. However, Neymar — an iconic player with massive brand value — can provide PSG with a unique international brand exposure and the opportunity to grow their already high commercial revenues even further. Neymar is indeed part of a broader commercial and brand exploitation strategy involving PSG, as well as the State of Qatar, host of the 2022 FIFA World Cup, that should not be overlooked when assessing the commerciality of the acquisition of the Brazilian star.

For the biggest European football clubs, which are intrinsically part of the global entertainment industry, increasing commercial revenues is an absolute must to ensure a competitive advantage

¹ For the purposes of this report, we have not included add-ons related to transfer fees.

Most expensive transfers by year in the last 10 seasons and transfer fee to operating revenues ratio



Source: KPMG Football Benchmark research, www.transfermarkt.com

*based on 2015/16 operating revenues

against their peers. On the other hand, smaller clubs, with lower international brand appeal, need to focus on growing in-house talents and scouting young and promising footballers to be sold one day at a premium, as a way to ensure their continuous success.

Whilst media are attracted by the lavish spending on the “big stars”, in this first edition of “The Player Trading Game”, an analysis undertaken by the Football Benchmark team of KPMG's Sports Advisory Practice, we review the best performing clubs in Europe in terms of player trading results.

The foundation of this report is an analysis of the publicly available financial statements of the two football seasons 2014/15 and 2015/16 from a selection of more

than 150 clubs. Thus, it is important to note that this analysis does not consider the latest transfers to be accounted in the 2016/17 and 2017/18 seasons.

Some of the most striking findings of our research are:

- The 20 clubs highlighted in this report, which we can consider “net sellers”, come from five different leagues: France, Italy, Spain, Portugal and Germany.
- Portuguese clubs are not just the only non-“big five” representatives in the top 20, but also lead the ranking with SL Benfica (1st) and FC Porto (2nd).
- Underlining French academies reputation as talent factories, Ligue 1 is the most represented

league in our report, with six clubs.

- No English clubs are represented in the Top 20.

As transfer fees continue to increase, “net sellers” maintaining prolific academies and successful scouting networks might be in the position to further exploit this competitive advantage.

If you would like to receive further information or discuss our findings, please contact us at footballbenchmark.com.



Credits: FC Porto

How we calculate player trading balance for the purposes of this report

Football players constitute the key asset of the majority of football clubs and transactions of players represent a regular activity of any club. It should be highlighted that there is not a commonly-accepted methodology to report and account for a club's player trading result. Indeed, in different countries and sometimes within the same league, differences exist. **This methodological section explains how player trading can be calculated and how, for the purposes of this report, KPMG has determined the annual player trading balance.**

Acquisition of players' rights

The acquisition of players can occur through the execution of an agreement (a contract) with a footballer who has an already existing contractual relation in force with another club. In this case, the gross book value of the players' registrations, to be recorded in the Statement of Financial Position among intangible assets, is equal to the sum paid by the buyer for the acquisition of such rights, increased by the costs directly attributable to the arrangement (usually, agent fees).

The complete acquisition of players can also take place through the signing of a contract directly with a "free player", upon the expiration of a similar agreement between the same and another club. In this case, the buying club does not pay any money to the club which the footballer last played for and the gross book value of the players' registrations depends on the agent fees/bonuses paid at the signing of the contract, if any.

Finally, the acquisition of a player's right can happen through a loan; in

this case, the loanee acquires the rights of the player only for a pre-established timeframe and expenses the cost of such loan in the Statement of Profit and Loss, while the loaner records the revenue associated to it. Usually, loan activities represent a relatively low amount in the overall player trading activities.

But how are players developed internally, through clubs' academies or youth teams, accounted for in the books of a football club? Players coming from a club's own academy are either not capitalised within intangible assets or capitalised at a low gross book value, usually representing agent fees/bonuses paid at the signing of the first professional contract, if any.

Disposal of players' rights

Once a player is sold, the outcome for the seller can be twofold: a profit occurs when the transfer fee paid by the buyer is higher than the player's carrying amount at the moment of the disposal, while a loss occurs when such transfer fee is lower than the net book value at the moment of the disposal.

Amortisation

As for most assets, players' registrations must be amortised. The generally-applied accounting practice for amortisation among football clubs is the straight-line method; the amortisation relevant to single periods must be recognised as an expense in the Statement of Profit and Loss over the duration of the contract agreed with the player.

Impairment

Furthermore, it is also necessary to verify the existence of potential impairment (i.e. permanent loss of value) for the players' registrations,

which is recognised as an expense in the Statement of Profit and Loss. Possible reasons for impairment, for individual players or for the squad considered as a whole can be, among others:

- 🛑 Career-threatening injury;
- 🛑 Early termination of contract;
- 🛑 Long-term sanctions.

Player Trading balance

As a result of these activities, we can summarise the player trading balance in four main operations:

- a) (+/-) Profit/Loss on disposal of players
- b) (-) Amortisation
- c) (+/-) Revenues/costs associated to loaned players
- d) (-) Impairment

= Player trading balance

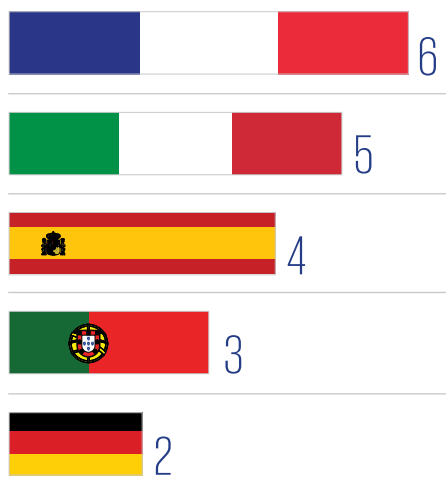
A **positive balance of player trading** is mainly the result of profits from transfers exceeding the annual amortisation of the squad; as such, **clubs in such position can be considered, for simplification purposes, "net sellers"**. On the other hand, a **negative final balance** is mainly the result of the investment clubs have committed to enhance their squad, represented by amortisation exceeding the profits from transfers; **those clubs can rather be considered, for simplification purposes, "net buyers"**.

The European Top 20

The 20 clubs highlighted in this report come from five different leagues: France (six), Italy (five), Spain (four), Portugal (three) and Germany (two) interestingly, no English clubs are represented. It also comes as a bit of a surprise that Dutch clubs, which have often produced an abundance of talent, are missing from our ranking.

The clubs ranked in our report usually benefit from elite academies and excellent scouting networks, with their business models based on nurturing talent and generating significant profits on the disposal of players, which is not only important to balance the books but also to close the gap with domestic or European competitors.

Top 20 clubs by player trading by country, 2014/15 – 2015/16



Top 20 clubs by player trading, 2014/15 – 2015/16 (EUR m)

No.	Club	2-seasons total player trading	Player trading/ operating revenues
1.	SL Benfica	65.0	29%
2.	FC Porto	58.2	34%
3.	FC Schalke 04	56.3	13%
4.	Olympique de Marseille	47.6	22%
5.	AS Monaco FC	43.1	22%
6.	Sevilla FC	39.6	19%
7.	Málaga CF	37.7	40%
8.	Olympique Lyonnais	35.4	14%
9.	LOSC Lille	32.8	25%
10.	UC Sampdoria	28.7	27%
11.	Real Sociedad de Fútbol	26.9	26%
12.	Genoa CFC	25.9	23%
13.	Villarreal CF	25.3	19%
14.	TSG 1899 Hoffenheim	24.0	17%
15.	Udinese Calcio	19.4	20%
16.	AS Saint-Étienne	18.5	16%
17.	Montpellier HSC	17.3	21%
18.	Atalanta BC	17.2	17%
19.	Empoli FC	16.5	26%
20.	Sporting Clube de Portugal	16.3	13%

Portugal

The “European Top 20” is led by two of the three Portuguese giants, SL Benfica and FC Porto, with Sporting Clube de Portugal in 20th place. The three clubs combined have sold almost EUR 1 billion of talent over the past six years to clubs from other countries. While these clubs have a remarkable scouting network, and the laws regarding work permits in Portugal are more relaxed than in other European countries, the widely-spread use of Third Party Ownership, a practice now restricted by FIFA regulations, has impacted their player trading balance.

SL Benfica have profited from a world-renowned academy of excellence, and have been at the forefront of player development for many years. In the two seasons under analysis, the club **reported a player trading balance of EUR 65 million**, some 30% of their total operating revenues, mainly due to the transfers of Renato Sanches to FC Bayern München (approx. EUR 35 million) and Nicolás Gaitán, Enzo Perez and Lazar Marković for EUR 25 million apiece. While this business model has allowed the *Águias* to

maintain domestic and European success, home-grown talents often exit early, with Sanches being a prime example. Having completed just one season of senior Primeira Liga action, the academy graduate was sold at the age of just 19.

Under president Pinto da Costa, **FC Porto** have earned a reputation for an extremely astute transfer policy, which has seen them almost continually acquire talents at reasonable prices. Colombian striker Jackson Martinez, Brazilian full backs Danilo and Alex Sandro as well as French central defender Eliaquim Mangala are the most notable cases in the last two seasons, **accruing a player trading balance of EUR 58.2 million**. However, their high dependence on player trading activity is evident from the fact that its impact on operating revenues is 34%, the second highest following Málaga CF (at 40%).

In contrast to SL Benfica and FC Porto, **Sporting CP** have not lifted the domestic league title since 2001/02. However, at **EUR 15.4 million, they are 20th in our ranking**, capitalising most recently

on the disposal of Marcos Rojo to Manchester United FC for EUR 20 million. Moreover, in the Portuguese victory at Euro 2016, 10 of the 24 players part of the squad came through Sporting Clube de Portugal’s academy, Cristiano Ronaldo being the biggest name. In the past, the club also nurtured Portuguese luminaries such as Paulo Futre, Luís Figo and Nani.

Germany

FC Schalke 04 and TSG 1899 Hoffenheim, the only German presence in our ranking, demonstrate how player trading can assist in ensuring the long-term sustainability of the business, with some profits from player disposal reserved to strengthen the clubs’ equity position. **The Gelsenkirchen side sit in third place among player traders, with a total balance of EUR 56.3 million**, while **TSG 1899 Hoffenheim (14th) totalled EUR 24 million** in player trading in the past two seasons.

FC Schalke 04 have a recent history of significant market activity, such as Julian Draxler’s sale to VFL Wolfsburg for a reported EUR 43 million and the transfer of Leroy Sané to Manchester City FC for EUR 50 million. Moreover, the club have the highest operating revenues among the 20 clubs in our ranking, displayed by a player trading/operating revenues ratio of only 13%, the lowest among our ranking. However, in the last two seasons their on-pitch results have deteriorated, indicating that replacement players have not been able to perform to the level of their predecessors.

France

At the foot of the player trading podium are two rivals, Olympique de Marseille and AS Monaco FC. These clubs, along with Olympique Lyonnais, Montpellier HSC, AS Saint-Etienne and LOSC Lille, make French Ligue 1 the most represented league in our report, with six clubs. This comes as no surprise, as France has well-known academies producing a large pool of talent.



Credits: SL Benfica

Whilst former owner Margarita Louis-Dreyfus was looking for new investors to take over the club, financial constraints forced **OM** to **leverage player trading in recent seasons—totalling EUR 47.6 in the period under review**. Players like Dimitri Payet, Giannelli Imbula and Florian Thauvin were sold to West Ham United FC, FC Porto and Newcastle United FC, respectively, while on-pitch results were inconsistent, with no UEFA Champions League participation since 2013/14. However, following the acquisition by American businessman Frank McCourt taking over during the 2016/17 season, fans' expectations have grown accordingly thanks to the arrival to the club of French nationals Patrice Evra, Adil Rami and the return of local hero Dimitri Payet.

AS Monaco FC also went through a change of ownership in 2011, with Russian billionaire Dmitry Rybolovlev taking over the club, then in Ligue 2. After a swift return to the French top-flight, *Les Monegasques* established themselves among the top spenders in Europe, with the acquisition of

a number of high profile players, including the Colombian duo of playmaker James Rodriguez and striker Radamel Falcao.

However, in recent seasons, the club adopted a more cautious strategy, building a squad of less expensive players and easing financial pressures with two of the highest transfers taking place in the period under study, namely James Rodriguez to Real Madrid CF (EUR 75 million) and Anthony Martial to Manchester United (EUR 60 million). Both transfers considerably impacted **the total player trading balance of EUR 43.1 million**.

Following a successful domestic and European campaign this year, and the subsequent transfer of Kylian Mbappé, Tiémoué Bakayoko, Benjamin Mendy and Bernardo Silva this summer, the club are likely to maintain a high position in next seasons' player trading ranking.

Olympique Lyonnais, holding a record of seven consecutive domestic titles (2001/02-2007/08) and possessing one of the best academies in France, have

found it difficult to compete against the significant financial strength of local rivals, especially Paris Saint-Germain FC. As a result, OL have been forced to sell players in order to generate enough resources. **In the interval examined, the club totalled EUR 35.4 million in player trading**, mainly attributable to the net profits on the disposal of two of their recent, best home-grown talents, namely French defender Samuel Umtiti (to FC Barcelona, EUR 25 million) and Cameroonian striker Clinton N'Jie (to Tottenham Hotspur FC, EUR 13 million).








AS Saint-Etienne, the most decorated French side (10 league titles), **accumulated EUR 18.5 million in player trading, while LOSC Lille**, who were last champions in 2010/11, **totalled EUR 32.8 million**. LOSC Lille's new owner Gérard Lopez has openly announced that the club will adopt an entertaining style of football and focus on the valorisation of young talent. With Marcelo Bielsa on the bench, they will be an interesting club to watch.

No Premier League clubs in the top 20?

Possibly unsurprisingly, no English clubs are included in the "European Top 20". This is likely attributable to the profile and sizeable broadcasting income of the Premier League and the greater means they enjoy compared to many of their European counterparts. Such features rather place them on the "buy side" of the market and to some extent remove the necessity to leverage player trading activity.

Southampton FC are the only Premier League club recording a positive player trading balance in the period under analysis, partially the result of profitable transfers from their very prolific academy, such as Luke Shaw or Calum Chambers.

Top 10 premier League clubs by total player trading, 2014/15 – 2015/16 (EUR m)

No.	Club	2-seasons total player trading
1.	 Southampton FC	6.7
2.	 Swansea City AFC	-11.9
3.	 Stoke City FC	-18.6
4.	 Leicester City FC	-19.2
5.	 West Bromwich Albion FC	-26.0
6.	 Crystal Palace FC	-29.6
7.	 Tottenham Hotspur FC	-32.8
8.	 Newcastle United FC	-38.0
9.	 Aston Villa FC	-39.7
10.	 Everton FC	-41.1









Source: KPMG Football Benchmark

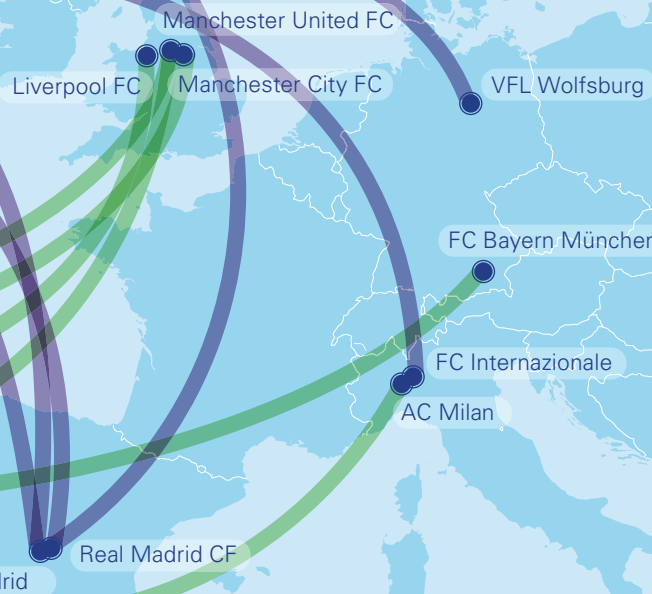
Highest transfer fees paid in the seasons under review (EUR m)

Year 2014/15

 James Rodríguez	75
 Julian Draxler	43
 Geoffrey Kondogbia	36
 Jackson Martínez	35
 Danilo	32
 Antoine Griezmann	30

Year 2015/16

 Anthony Martial	60
 Leroy Sané	50
 Roberto Firmino	41
 Eric Bailly	38
 Renato Sanches	35
 Carlos Bacca	30



Source: Clubs' official financial statements; www.transfermarkt.com
 Note: Figures do not include add-ons related to transfer fees

Spain

Sevilla FC are the leading Spanish side in terms of player trading activities, with a total of almost EUR 40 million.

Fostered by Ramón Rodríguez Verdejo's ("Monchi") business acumen, the club's sporting director who has now joined AS Roma, *Los Sevillistas* have developed as transfer market experts, as demonstrated by the sales of Ivan Rakitić FC Barcelona and Carlos Bacca to AC Milan during the two seasons under analysis. The club's smart spending has reaped rewards in the form of on-pitch success, notably three consecutive UEFA Europa League trophies between 2013/14 and 2015/16.

Following the arrival of the current Middle East owners, **Málaga CF** adopted an aggressive market strategy, acquiring established talents that allowed the club to reach the Quarter-finals of the UEFA Champions League in 2012/13. However, this model soon

became unsustainable and, in recent seasons, the club's approach to player trading has been more cautious.

Partially due to overall modest income streams, the ratio of player trading on operating revenues, at 40%, is the highest among the clubs under review.

Usually battling against the likes of Spanish giants FC Barcelona and Real Madrid CF in youth tournaments, both Real Sociedad and Villarreal CF have also benefited from strong academies. In 2010 Real Sociedad returned to first division with a team built around academy players that, over time, have been sold – notable examples being Antoine Griezmann (EUR 30 million to Atlético de Madrid) in 2014/15 and, outside of the scope of this report, Asier Illarramendi (EUR 32 million to Real Madrid CF) in 2013. On the other hand, the relevance of Villarreal CF's academy is reflected in the fact that aside from FC Barcelona, Real Madrid CF and Valencia CF, the club have the highest

level of expenditure among LaLiga clubs in total staff costs for their academy in the two years under consideration.

Italy

With five clubs in the ranking, Italian Serie A is the second most-represented league in our report. Once considered by many as the best league in the world, Serie A has lost some of its glamour as it is now considered by many players a career crossing point rather than the summit of European football.

UC Sampdoria lead the Italian clubs with a player trading balance totalling EUR 28.7 million in the past two seasons.

Such activity has helped mitigate yearly losses, and the modest overall income streams make the player trading/operating revenues ratio, at 27%, the highest among Italian clubs. **City rivals Genoa CFC follow with a total EUR 25.9 million** and a 26% ratio. After a number of seasons of investment in the squad

with the notable acquisitions of, among others, Thiago Motta, Luca Toni and Hernán Crespo, the club did not break into the upper echelons of the league and adopted a less aggressive investment approach, as evidenced by the significant profits on players and the constant diminution in squad amortisation.

Udinese Calcio is known for having one of the best scouting networks in Europe. The “buy cheap and sell high” business model, also fostered by the multi-ownership structure of the Pozzo family, with Watford FC and Granada CF (now disposed of), paid significant dividends. After a “golden age”, including the club’s first UEFA

Champions League participation (2005/06) and elimination in the competition’s play-off stage in 2011/12 and 2012/13, the players brought in to replace those sold to some of the best clubs in Europe (e.g. Alexis Sanchez to FC Barcelona, Samir Handanović to FC Internazionale) did not live up to expectations. Although the club slipped behind in the domestic league, failed to qualify for European competition and fought against relegation in the past two seasons, **their player trading balance reached EUR 19.4 million**, with Argentinian midfielder Roberto Pereyra, transferred to Juventus FC, being one of their main disposals.

By contrast, **Atalanta BC** have built one of the best academies in Europe and have maintained first division football since the 2006/07 season. In the past two campaigns, the club **have aggregated EUR 17.2 million in player trading** and, at the end of the 2016/17 season, qualified for the UEFA Europa League, which will be their first European participation since 1990/91. Considering the valorisation of young talents already sold at a premium to bigger clubs, it is likely that Atalanta BC will see further improvement in the player trading balance for the upcoming years. Finally, **Empoli FC** complete the Italian teams ranked in our report with **EUR 16.5 million in player trading**.

How would “The European Top 20” look by broadening our scope to three football seasons?

A club’s player trading balance over two seasons can be heavily impacted by a single transfer. Therefore, in order to attain a broader scope of the topic, as part of the report we have also taken a look at which teams would sit among the top five European performers if three seasons are taken into account, thus reducing the impact of a single deal upon our ranking.

Reviewing the past three seasons (2013/14 – 2015/16), it is interesting to observe that SL Benfica have retained

their leading position, with the other Portuguese giants FC Porto dropping to 5th, while Sevilla FC, Real Sociedad de Fútbol and LOSC Lille move ahead of FC Schalke 04, Olympique de Marseille and AS Monaco FC.

There is also a small group of clubs that would join the “European Top 20” according to player trading when considering the past three seasons. Among those, Tottenham Hotspur FC would climb to 7th position thanks to the one-time world record

sale of Gareth Bale to Real Madrid CF for a reported EUR 100 million, while Torino FC would capitalise on the net profits from the disposal of Ciro Immobile (for EUR 13.8 million to Borussia Dortmund) and Alessio Cerci (for EUR 11.6 million to Atlético de Madrid). Furthermore, AFC Ajax would represent the only incursion into the ranking by Dutch clubs, in 12th place, mostly thanks to the disposal of Danish playmaker Christian Eriksen to Tottenham Hotspur FC.



Top 5 clubs by player trading, 2013/14 – 2015/16 (EUR m)



Source: KPMG Football Benchmark

Where are the “big fish”?

Top 15 clubs by EV by player trading, 2014/15 – 2015/16 (EUR m)

No.	Club (EV ranking)	2-seasons total player trading	Player trading/operating revenues
>50 million			
1.	 FC Schalke 04 (14)	56.3	13%
2.	 Borussia Dortmund (12)	10.0	2%
3.	 Atlético de Madrid (13)	-2.3	-1%
4.	 Tottenham Hotspur FC (10)	-32.8	-6%
5.	 FC Barcelona (3)	-44.1	-4%
<50–100 million>			
6.	 Liverpool FC (8)	-50.4	-6%
7.	 FC Bayern München (4)	-60.9	-6%
8.	 Chelsea FC (7)	-65.1	-8%
9.	 Juventus FC (9)	-73.0	-11%
10.	 AC Milan (15)	-86.1	-20%
<100 million			
11.	 Arsenal FC (6)	-105.7	-12%
12.	 Real Madrid CF (2)	-125.7	-11%
13.	 Manchester City FC (5)	-171.9	-17%
14.	 Paris Saint-Germain FC (11)	-179.4	-18%
15.	 Manchester United FC (1)	-238.9	-20%

 Source: KPMG Football Benchmark; KPMG “Football Clubs’ Valuation: The European Elite 2017”;

In general, the best performing clubs in terms of player trading are not the European superpowers. If we take a look at the Top 15 clubs by Enterprise Value as reported in KPMG’s “Football Clubs’ Valuation: The European Elite 2017”, we can see that these clubs are, generally, “net buyers” rather than “net sellers”.

FC Schalke 04 and German stablemates Borussia Dortmund are the only clubs with a positive player trading balance in the past two seasons. In case of the Dortmund side this is mostly due to the departures of centre-back Mats Hummels to local rivals FC Bayern München (EUR 35 million) and midfielder Ilkay Gündogan to Manchester City FC (EUR 27 million).

Enjoying the highest share of success both domestically and internationally, and generally benefitting from more lucrative commercial and broadcasting deals, major European clubs can afford to spend to attract the best players on the market, and have less need to leverage on player trading activity. However, some differences still exist among these teams.



Atlético de Madrid and Tottenham Hotspur FC, for instance, are examples of clubs consistently trying to compete against the historical superpowers and consequently only show a modestly negative player trading balance in the broader scope, as their strategy involves the occasional disposal of talents. Meanwhile, FC Barcelona, despite attracting some of the big names on the market, can count on one of the best academies in football, from which valuable players can be promoted to the first team or even sold at a premium.

The group of clubs between Liverpool and AC Milan (whose negative player trading balance lies between EUR 50 million and 100 million, respectively) could be considered a middle ranking cluster. In this group the presence of FC Bayern München is also notable, as they usually attract talent from local competitors, often available at a reasonable price. Following the arrival of new ownership, AC Milan have also invested significantly to strengthen their squad, including the arrivals of Leonardo Bonucci from Juventus FC and André Silva from FC Porto, and are candidates to remain at the bottom of this group in forthcoming analyses.

The last five positions represent the clubs that have invested most in building their squads (exhibiting negative player trading balance of at least EUR 100m) in the two seasons under analysis. Unsurprisingly, three clubs come from the Premier League, the most remunerative football league in the world. Manchester United FC (-EUR 239 million) underwent huge investment after the end of the Alex Ferguson era, although with moderate on-pitch results in the two seasons under review; the acquisitions of Anthony Martial and Eric Bailly are two prominent examples. In this group, which also includes Arsenal FC, Manchester City FC and Paris Saint-Germain FC can be classified as “newcomers” in the European elite, capable of attracting some of the biggest names in order to break into the upper echelons of European football.

This summer, Manchester City FC, Manchester United FC and Paris Saint-Germain FC, after the eye-catching signings of Neymar and other star players, once again appear to be among the most active clubs in the market and will likely remain at the bottom of the table next season.



Credits: Neil J.

Basis of study preparation and limitations

The foundation of this study is an analysis of the publicly available statutory financial statements ("the Financial Statements") of the professional football clubs selected for the purposes of this report, through the following criteria:

- Availability of Financial Statements at the date of publication;
- Participation in first division football.

In respect of each professional football club, all financial figures have been extracted from the Financial Statements of the 2014/15 and 2015/16 football season. Thus, it is important to note that this analysis does not consider the latest transfers to be accounted for in the 2016/17 and 2017/18 seasons.

In case the Financial Statements of the clubs were not available and whenever we considered it necessary, KPMG's Sports Advisory Practice has consulted with the management of the clubs in order to obtain the necessary information or clarifications to support our analysis. For the few clubs having a financial year-end not aligned with the European football season, we extracted

financial figures from their two latest publicly available financial statements.

The Financial Statements utilised for the purpose of KPMG's analysis were acquired either from the relevant public sources in each country or other public sources (for example a club's official website). As far as the team responsible for the production of this report is aware, the Financial Statements for each professional football club have been prepared on the basis of the accounting regulations and principles in their respective country or in compliance with International Financial Reporting Standards ("IFRS"). In performing our analysis we also relied upon information obtained from publicly available sources: national governing bodies, trade associations, international federations and various media outlets.

KPMG professionals have not performed any verification work or audited any of such financial information or any of the non-financial publicly available data obtained from other sources considered authoritative.

Whilst every effort has been made by KPMG's Sports Advisory Practice

to render the analysis between professional football clubs consistent and comparable, in undertaking this research we faced several challenges which are difficult to overcome. Differences of accounting practice in the respective countries, differences in reporting currencies, fluctuation in exchange rates², and differences in year-ends limit to a certain extent the comparability of data and affect the outcome of our analysis.

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For interpretation of financial terms used in this report, please refer to the methodology section of the Data & Analytics tab of KPMG's www.footballbenchmark.com website.

² In order to conduct cross-league analysis and comparison where the local currency is not the euro, KPMG has converted all local currency figures using the average exchange rate for the twelve months prior to 30 June 2015 and 2016.



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