

Brazilian clubs' economic evaluation -2021

Valuation TOP 30 clubs in Brazil - 2nd edition



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VALUATION TOP 30 BRAZILIAN CLUBS

Second edition of the exclusive study conducted by Sports Value, to meet Brazilian market urgent request.



Clubs' Valuations in Brazil is already a reality and Sports Value has extensive experience in evaluations performed for different clients.



The new SAF law (Sociedade Anônima do Futebol) and the attraction of foreign investment, require modern management adapted with best business practices.



This study brings all updates, clubs' valuations were impacted by pandemic, inflation and R\$ devaluation.



In the end, a special content about management in football and marketing trends.



VALUATION TOP 30 BRAZILIAN CLUBS

Brazilian teams are centuries-old institutions, have significant assets, in addition to all investment in players, the intangible assets.



Other important index is brand valuation. The calculation of the brand value is also part of the economic evaluation of each club.



This study presents a solid methodology, tested for Sports Value clients, such as Soccerex, Botafogo S.A. de Ribeirão Preto, Red Bull Bragantino, Figueirense, Gama,



Thus, as Forbes evaluates the US teams and Leagues and KPMG the European teams, Sports Value presents Brazilian teams' values.



METHODOLOGY

Sports Value's assessment considers numerous factors to reach the final value of each club.

All club assets are considered, being Current Assets as cash and banks, financial investments and amounts to be received. And Fixed Assets, such as stadium, training center and buildings in general.

There is also the evaluation of the brand, which considers 20 different variables, divided into three large groups.

Market potential, sporting potential and operating revenue from the brand.

No variable alone affects the evaluation result. The variables are complementary to the formation of the final value.



METHODOLOGY

There is also the value of the squad of the professional team, according to Transfermarket from Germany, quoted in Euro and investments in the youth academy.

And finally, sports assets linked to club records in their State Federations and CBF. This record has a high value, since they are inherent to the activities of clubs. Every club is entitled to the broadcast revenues of the championships.

***Calculation
of the
economic
evaluation
of each club***



Current assets and fixed assets

+

Brand value

+

Players -Intangible assets

+

Rights -Records- Federation and CBF

METHODOLOGY

Current assets and fixed assets

Current - Cash and banks, financial investments.

Fixed Assets - Stadium, CT, buildings. (Without intangible assets)

Brand value

Clubs' potential consumer market, potential consumption index, fan base size, geographic distribution and engagement.

There is the sporting potential of how much each club invests in players and the football department. And the real use of revenue stemming from the brand.

Players -Intangible assets

Value of the squad of the current professional team and the accounting investments in training players at youth academy.

Sports Rights- Records- Federation and CBF

Guaranteed revenues, inherent in the competitions that clubs participate in.



TOP 30 CLUBS CONSOLIDATED DATA

The economic evaluation of the clubs showed that even with the losses with the pandemic, the numbers were not affected in R\$. In US\$ terms fell 10%.



The TOP 30 clubs represented **R\$ 25.3 billion (US\$ 4.5 Bn)** in total value, compared to R\$ 25.1 billion the previous year. (US\$ 5 Bn).



Some clubs have more assets such as stadium and training centers. Others have greater investment in players. There is also the brands value



The evaluation considers the individual reality of each club. Financial figures have been updated by the 12 months inflation (10%).



The R\$ devaluation surpassed 10%.



TOP 30 CLUBS CONSOLIDATED DATA

The sum of the Asset of the 30 teams analyzed, without the value of the intangible (players) is US\$ 1.7 billion.



Clubs' brands represent US\$ 964 million. Professional players and the youth academy US\$ 1.5 billion.



Sports rights related to competitions that clubs participate another US\$ 375 million.



Valuation – Top 30 clubs - Total= US\$ 4.5 billion



TOP 30 BRAZILIAN CLUBS VALUATIONS



Valuation clubs 2021

Economic Valuation- US\$ million



Source: Sports Value

Brazil's most valuable clubs

Valuation- US\$ million

RK 2021	RK 2020	Clubs	Valuation 2021	Valuation 2020	Charge
1	1	Flamengo	481	572	-16%
2	3	Palmeiras	419	437	-4%
3	2	Corinthians	407	454	-10%
4	7	Atlético-MG	351	339	4%
5	6	Athletico-PR	319	334	-4%
6	5	Internacional	307	348	-12%
7	4	São Paulo	307	354	-13%
8	8	Grêmio	268	308	-13%
9	9	Fluminense	194	208	-6%
10	11	Santos	173	180	-4%
11	10	Vasco da Gama	143	190	-25%
12	17	Red Bull Bragantino	124	74	67%
13	12	Cruzeiro	113	167	-32%
14	13	Botafogo	91	121	-24%
15	14	Bahia	82	110	-25%
16	19	América-MG	72	64	13%
17	15	Coritiba	71	91	-23%
18	24	Fortaleza	63	51	24%
19	16	Sport	62	82	-25%
20	29	Atlético-GO	61	32	89%
21	27	Guarani	54	56	-5%
22	21	Ponte Preta	53	55	-4%
23	20	Santa Cruz	53	58	-9%
24	23	Ceará	52	52	1%
25	22	Náutico	51	52	-2%
26	18	Goiás	43	69	-38%
27	30	Paysandu	29	31	-8%
28	33	Cuiabá	29	28	3%
29	25	Avai	28	47	-39%
30	26	Vitória	28	41	-32%

**Valuation TOP 30
teams
=
US\$ 4,5 bi

-10%**

Valuation X Total Revenues

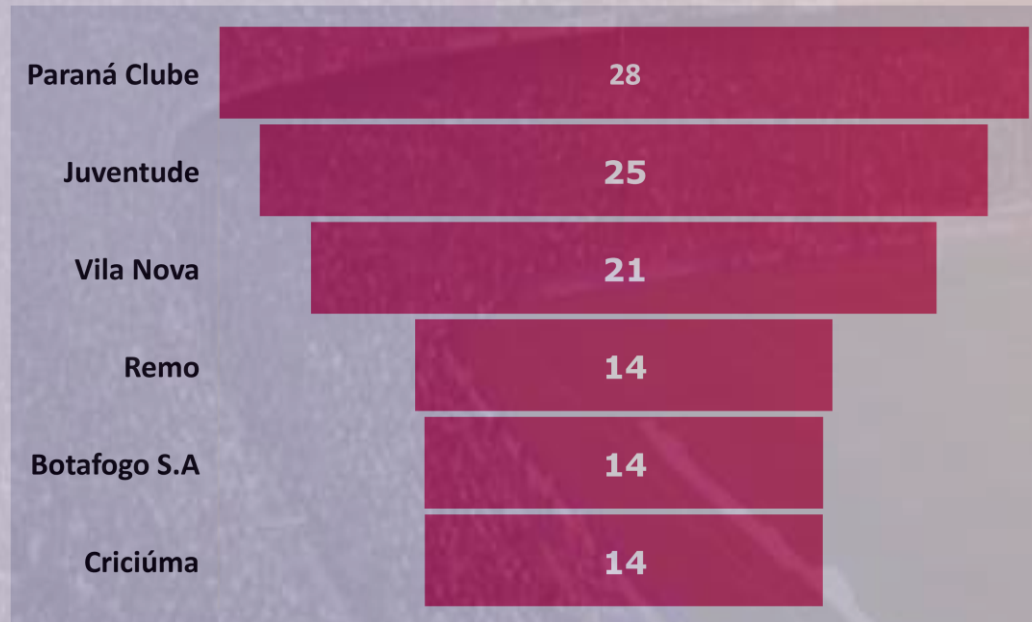


Who's coming right behind...

Some clubs were close to the TOP 30.

They may emerge as novelties in the next editions of the study.

Valuation – US\$ million



DEBT-ADJUSTED VALUATION



Operational debt-adjusted valuation

An important adjustment was made by making valuation less operational debts of each club. Federal Fiscal Debts were not considered. The operational amount for the TOP 30 clubs are US\$ 1.7 billion. Fiscal debts account to other US\$ 590 million.

Clubs' valuation less their operational debts is fundamental to understand the clubs' real situation.

Net Amount – Valuation debt-adjusted - US\$ million

RK	Clubs	Valuation	Operational Debts	Net Value
1	Flamengo	481	82	398
2	Palmeiras	419	101	319
3	Corinthians	407	122	285
4	Atlético-MG	351	180	171
5	Athletico-PR	319	37	282
6	Internacional	307	133	174
7	São Paulo	307	101	205
8	Grêmio	268	60	208
9	Fluminense	194	95	100
10	Santos	173	79	93
11	Vasco da Gama	143	107	36
12	Red Bull Bragantino	124	28	95
13	Cruzeiro	113	146	-33
14	Botafogo	91	120	-29
15	Bahia	82	29	53

Operational debt-adjusted valuation

Net Amount - Valuation debt-adjusted -US\$ million

RK	Clubs	Valuation	Operational Debts	Net Value
16	América-MG	72	9	63
17	Coritiba	71	48	23
18	Fortaleza	63	6	57
19	Sport	62	32	30
20	Atlético-GO	61	3	57
21	Guarani	54	34	20
22	Ponte Preta	53	32	21
23	Santa Cruz	53	27	26
24	Ceará	52	3	49
25	Náutico	51	21	31
26	Goiás	43	7	35
27	Paysandu	29	4	24
28	Cuiabá	29	2	27
29	Avaí	28	6	23
30	Vitória	28	22	6

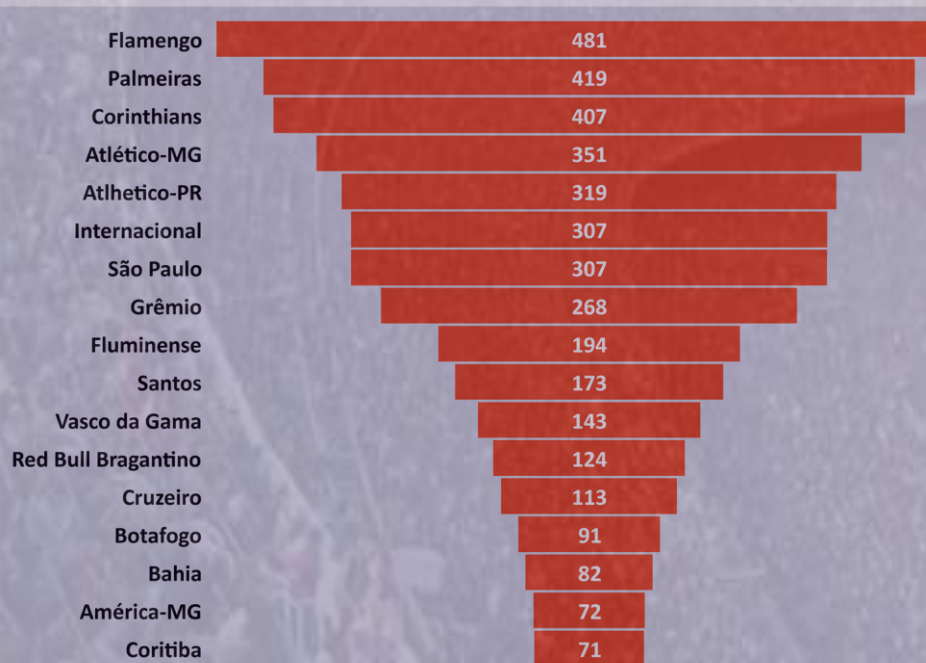
Source: Sports Value

Rankings -Valuation X Net Value

Valuation X Operational debt-Adjusted

US\$ million

Valuation



Net Value- Debt-Adjusted



Brazilian clubs Brand Valuation

METHODOLOGY

Spots Value has created its own methodology, tested in national and international clients evaluating the brands of Brazilian clubs.

This report proves that mismanagement, budget imbalance, debt accumulation and lack of transparency minimize the value of teams' brands.

Each club has a reality, according to its economic data, consumer and advertising market, fan engagement and brand's sports strength.

For example, a club from São Paulo State has huge consumption potential. From Rio de Janeiro State, a national coverage.

Brazilian football brands could double in size if we created a professional league and clubs adopted solid corporate management models.

Brazil has 160 million football fans; football is the main massive sport in Brazil.

METHODOLOGY

Brand Valuation - Sports Value



Potential of the consumer market

Each variable of brand consumption potential is analyzed. Economic index such as consumption potential, fan base, geographic distribution, in-game audience, audiences and digital engagement.



Sporting potential

If the club invests in football, is big the chance to enhance value to the brand. Anal Players investments and football department are analyzed. Pro team, youth academy, signings, players salaries.



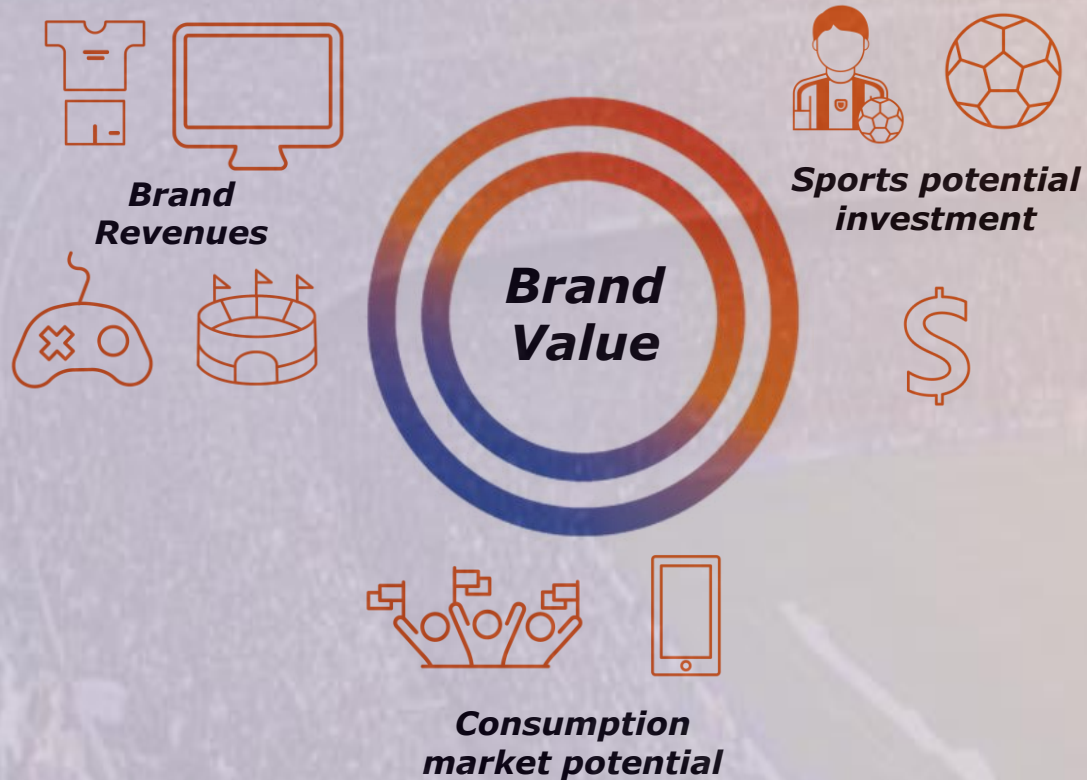
Revenue stemming from the brand

It is the real use of revenue stemming from the brand. How much each club has managed to create concrete revenues, thanks to the brand strengths. Sponsorships, licensing, stadium, members and broadcast.



Most valuable brands in Brazilian football

Aspects considered in the evaluation



Most valuable brands in Brazilian football-2021

Brand Valuation- US\$ milhões



Source: Sports Value

Most valuable brands in Brazilian football

Clubs' Brand Valuation- US\$ million

RK 2021	RK 2020	Clubes	Brand Value 2021	Brand Value 2020	Charge
1	1	Flamengo	154	230	-33%
2	2	Palmeiras	124	178	-30%
3	3	Corinthians	98	135	-27%
4	5	Grêmio	88	99	-10%
5	6	São Paulo	65	95	-31%
6	4	Internacional	57	102	-43%
7	9	Vasco da Gama	45	60	-25%
8	10	Santos	44	54	-18%
9	12	Fluminense	40	45	-12%
10	7	Atlético-MG	35	71	-50%
11	8	Athletico-PR	32	62	-48%
12	14	Botafogo	31	36	-15%
13	13	Bahia	25	37	-31%
14	11	Cruzeiro	24	52	-54%
15	20	Ceará	15	15	2%
16	18	Fortaleza	15	16	-7%
17	15	Coritiba	12	20	-37%
18	27	Red Bull Bragantino	10	3	249%
19	16	Goiás	8	18	-55%
20	29	Atlético-GO	8	2	310%
21	19	Sport	8	16	-52%
22	22	América-MG	7	9	-15%
23	17	Vitória	7	17	-61%
24	25	Ponte Preta	3	5	-30%
25	33	Cuiabá	3	2	6%
26	23	Avaí	2	6	-59%
27	28	Náutico	2	2	-26%
28	30	Guarani	2	2	-28%
29	24	Santa Cruz	2	5	-72%
30	26	Paysandu	1	3	-69%

Source: Sports Value

The background of the slide is a blue-toned, perspective view of a tunnel formed by stacks of banknotes, likely Euro, receding into the distance. The lighting is dramatic, with the center of the tunnel being brighter and the sides being darker, creating a sense of depth and movement.

***SAF,
BRAZILIAN FOOTBALL
LEGAL LANDMARK***

SAF-SOCIEDADE ANÔNIMA DO FUTEBOL

Sports Value has been working in Brazil and abroad in projects with PLC clubs.

We studied all football world models in order to offer to our clients the best possible models and benchmarks.

Brazil, after decades of delay, has approved a new law that can be considered the Brazilian football Legal landmark.

The Football Corporation (SAF) is not the solution, but the way to build a football market in Brazil, based on good business management practices.

And new private investors will oxygenate the market, ideas and mindset.

Professionalism in all decisions.

Credibility / Transparency.

Investment attraction.

Economic and social vector to the region development.

Technological innovation and digital transformation.

More titles and better performance.

More fan engagement.

Sponsors attraction.

Public sector support.



Football corporate management

Leagues management model in Europe - 100% professional



100%
companies



100%
companies



100%
companies



Almost all
teams are
companies

Exceptions



Corporate models attract investments.

Well-managed teams present financial results to investors.

Efficient management and budget control allow profitability.

Transfer market boosts profits.

Dividends can grow with good performance in the field.

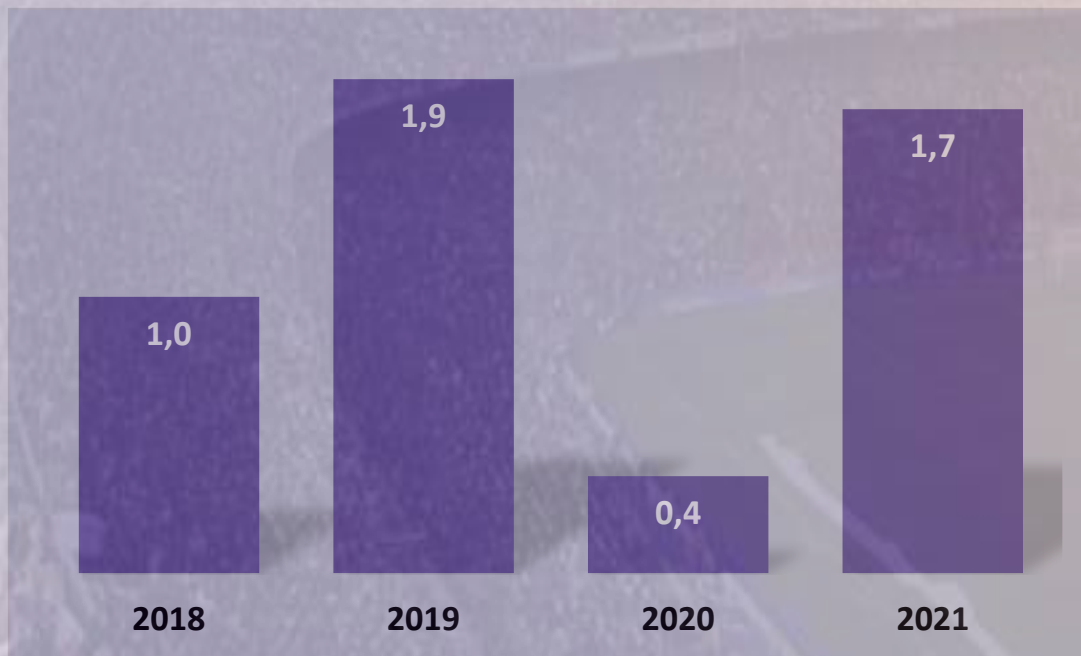
Corporate management, powerful storytelling, idols and global consumer expansion are the routes.

Operation can impact other team's investors. Businesses.

Global Football M&A

According to data from Argentina's Big Data Sports, the M&A market in football has reached US\$5 billion in the last 4 years.

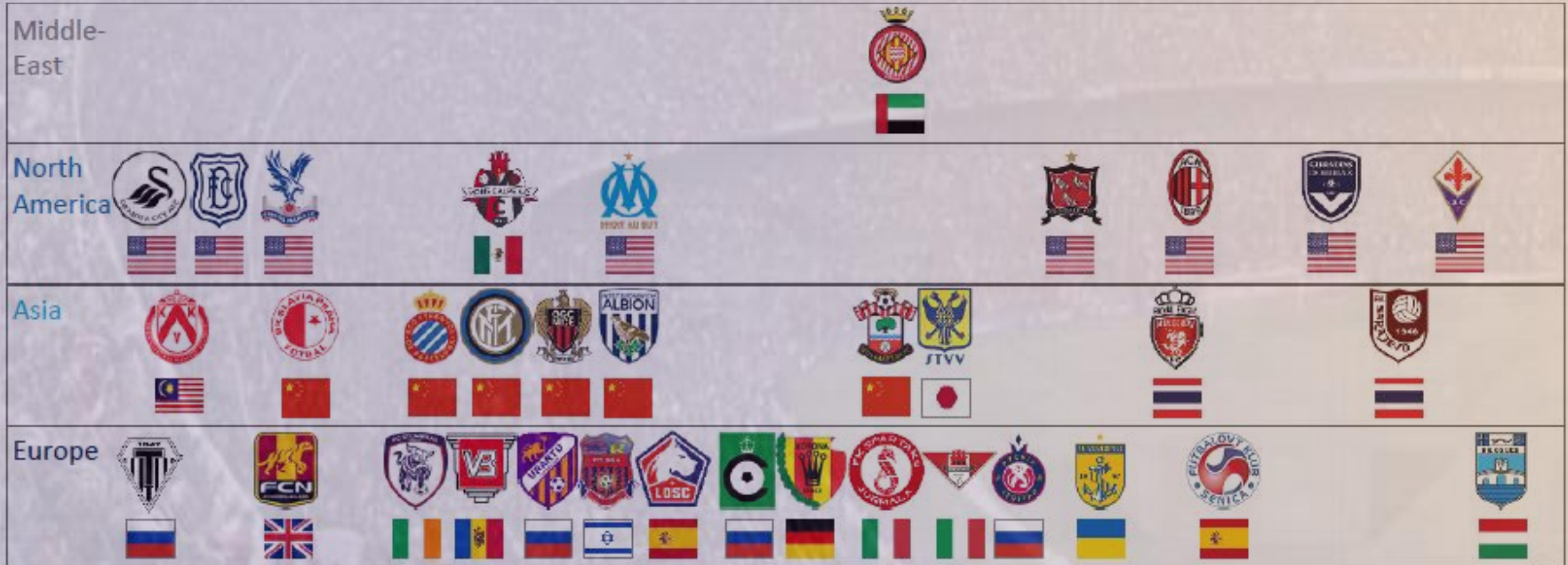
Global Football M&A – US\$ billion



**Concentrated
in Europe**

Global Football M&A

Team buying movement has been intense in Europe in recent years. And it's still warm.



2015

2016

2017

2018

2019*

Rank	Owner	Football club (s)	Est. net worth (2019)
1	Sheikh Mansour	Manchester City, Melbourne City, New York City	\$20bn
2	Dietrich Mateschitz	Red Bull Salzburg, New York Red Bulls, RB Leipzig	\$19.4bn
3	Andrea Agnelli (and family)	Juventus	\$13.5bn
4	Dietmar Hopp	Hoffenheim	\$13bn
5	Roman Abramovic	Chelsea	\$12.4bn
6	Philip Anschutz	LA Galaxy	\$10bn
7	Stan Kroenke	Arsenal, Colorado Rapids	\$8.7bn
8	Nasser Al-Khelaifi	Paris Saint-Germain	\$8bn
9	Zhang Jindong	Inter	\$7.6bn
=10	Robert Kraft	New England Revolution	\$6bn
=10	Aiyawatt Srivaddhanaprabha (and family)	Leicester City, OH Leuven	\$6bn



PL CLUBS WITH
RICHEST OWNERS

1	 NEWCASTLE	£260B
2	 MAN CITY	£23B
3	 CHELSEA	£10B
4	 ARSENAL	£7B
5	 WOLVES	£5B
6	 ASTON VILLA	£5B
7	 LEICESTER	£5B
8	 TOTTENHAM	£4B
9	 MAN UNITED	£4B
10	 SOUTHAMPTON	£3B

Assets Values



Paid

US\$ 90 M

33x

Valuation

US\$ 3 B



US\$ 250 M

20x

US\$ 5 B



US\$ 110 M

23x

US\$ 2,5 B



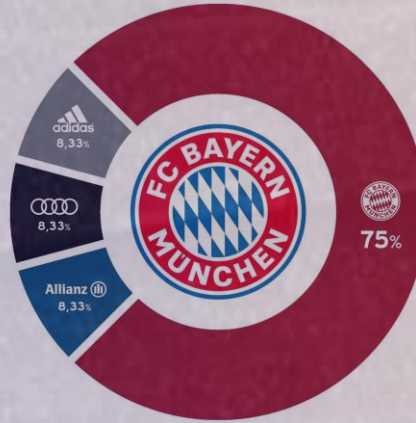
US\$ 25 M

20x

US\$ 500 M

German model, unique regulations

German model 50%+1



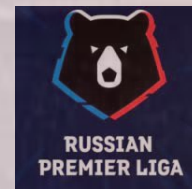
150 million profits in 6 Years.

Financial year	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Turnover in millions of EUR	312.0	290.9	332.2	393.9	480.0	485.6	587.7	603.1	624.3	715.8
EBITDA result in millions of EUR	61.2	41.4	69.3	67.4	83.3	85.1	110.9	122.0	110.1	114.7
PROFIT (after tax) in millions of EUR	2.9	1.3	11.1	14.0	16.4	15.1	20.6	33.2	22.0	42.7

Football emerging markets



SüperLig



Challenges

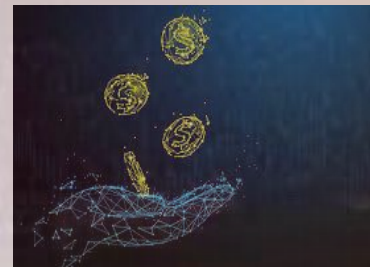
- **Game quality.**
- **Global audience.**
- **Legal safety. (US benchmark).**
- **Football fans consumption.**

***Brazil, the largest
unexploited market in
the football world***

Brazil has huge potential:

Data Driven Sponsorships

Club sponsorships move only US\$110 million in 2020. They can triple in size if the focus are Sportentertainment and data driven.



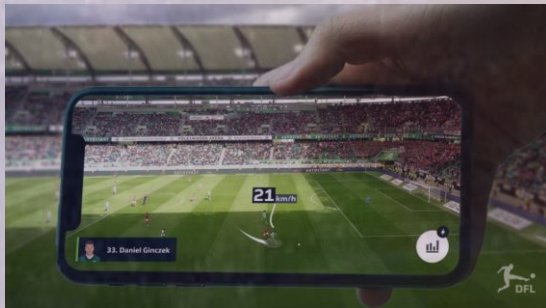
Digital Assets

According to Sports Value analysis, Brazilian clubs can generate more than US\$ 150 million every year in social networks, tokens, NFT's and unlimited opportunities in the Metaverse.

Brazil has huge potential:

Smart connected stadiums

Pandemic accelerated the processes, smart stadium concepts, monetizing the on-site audience and developing new online revenues are a path without return.



OTT

Focus should be data analysis and more assertive campaigns for advertisers. Visibility gives way to data driven.

Brazil has huge potential:

Own content monetization

Clubs need to stop posting on social networks and build a digital business around their content. Game day, exclusive content, hires and reviews have high value.



Clubs as marketplace

Clubs are still very focused on selling shirts, and other merchandise. They should focus on relating to millions of fans of all profiles and selling whatever the fan wants. Act as a Disney in the content production Amazon/Mercado Libre in the offer of varied products for the audience.

Brazil has huge potential:

ESG

Clubs invest little in sustainability projects and actions with high impact with the community. Current model will have to change, values linked to the environment are important for all stakeholders.

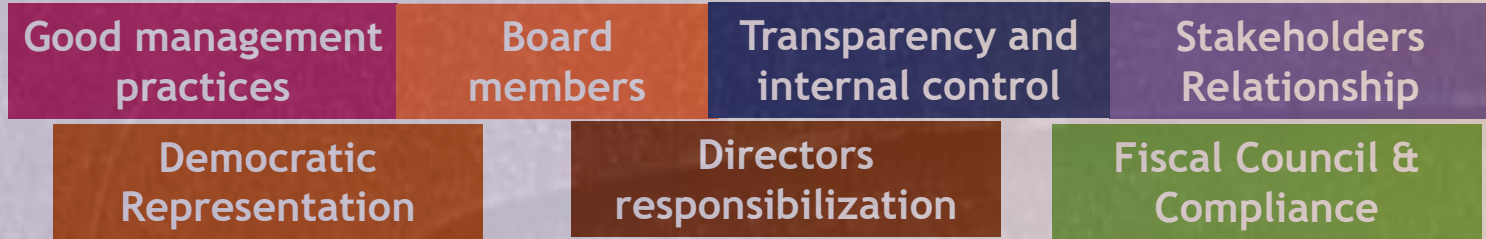


Women and sport

Sports practice and women's interest in sport is fundamental. Sports industry depends on it. Women's football has experienced wide growth and needs more space and financial support.

Key aspects of Football Management and Governance according to Sports Value.

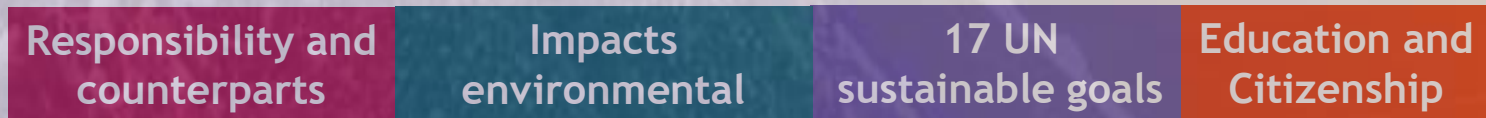
Management and Governance



Game integrity



Social and Environmental



CONCLUSION

According to Sports Value's analysis, TOP 30 clubs' valuations represented US\$ 4.5 billion. This is very low, due to the potential of Brazilian football.

Assets still have low value; teams always sell many young players and don't build a football consumer industry around their brands.

The NFL, the world's most valuable league, is worth US\$ 74 billion, according to Forbes, and its most valuable team Dallas Cowboys, US\$ 6.3 billion. Much more than all Brazilian football combined. MLB is worth another US\$39 billion and the NBA US\$37 billion.

Real Madrid, according to KPMG, is worth US\$ 3.5 billion in the post-pandemic, while Flamengo, according to Sports Value, is only worth US\$ 481 million.

Brazilian teams' low valuations reflects very inefficient administrations. We have the chance right now to qualify the clubs' management in Brazil.

DISCLAIMER

The study of economic evaluation (Valuation) of Brazilian clubs was produced with public data from clubs, economics, marketing, fan surveys and extensive Sports Value's database.

The document is for the sole purpose of providing information and does not constitute or should be construed as an offer or solicitation to purchase or sell any product or service.

The figures presented in the evaluation represent the time at which it was made, and at no time can it be used to simulate future results based on past information, without any guarantee that the simulated results will be obtained over time.

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SPORTS VALUE'S SERVICES



Sports Marketing

Sport offers a unique platform for brands enhancement, engagement and consumer loyalty and effective sales expansion.



Sponsorships and activations

Sports sponsorship and its complementary activation actions are proven to be the best marketing tool for today.



Trends Reports

The ever-changing world requires companies, agencies, clubs and federations to make their decisions in anticipation of trends and directions in today's world.



Startups Consultancy

The world's startup ecosystem represents US\$ 1 trillion today. In sports already exceeds US\$ 9 billion and is expected to triple over the next five years.



Sports Branding

In today's ever-changing world and with increasing consumer demand, branding or brand management becomes even more essential.



Brand valuation

Branding is a fundamental discipline in the global business. Brands are constantly evolving and must be at the heart of every management.



Sports properties valuation

Sports Value is the first company in the Brazilian market to evaluate sports assets, with its own methodology and extremely consistent premises.



International Affairs

The rapidly evolving world demands that sports marketing projects have a global character today.

Thank you!



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