



Valuations of Sports Teams on the Rise: *A Tale of Two Continents*

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About The Presenters



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Mr. Gupta provides financial analyses, economic advisory, forensic accounting, and other litigation support services to clients and their counsel. He has over 11 years of experience in business valuation, damage quantification and investigations.



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Amran has a decade of experience in accounting and financial consulting with specializations in the quantification of damages and the valuation of businesses in the context of commercial and investment disputes.



Introduction

“While buying teams was once mainly the purview of deep-pocketed billionaires chasing trophy assets, the sports ecosystem is now attracting private equity firms, sovereign wealth funds, celebrities and retiring star athletes.”

- S&P Global

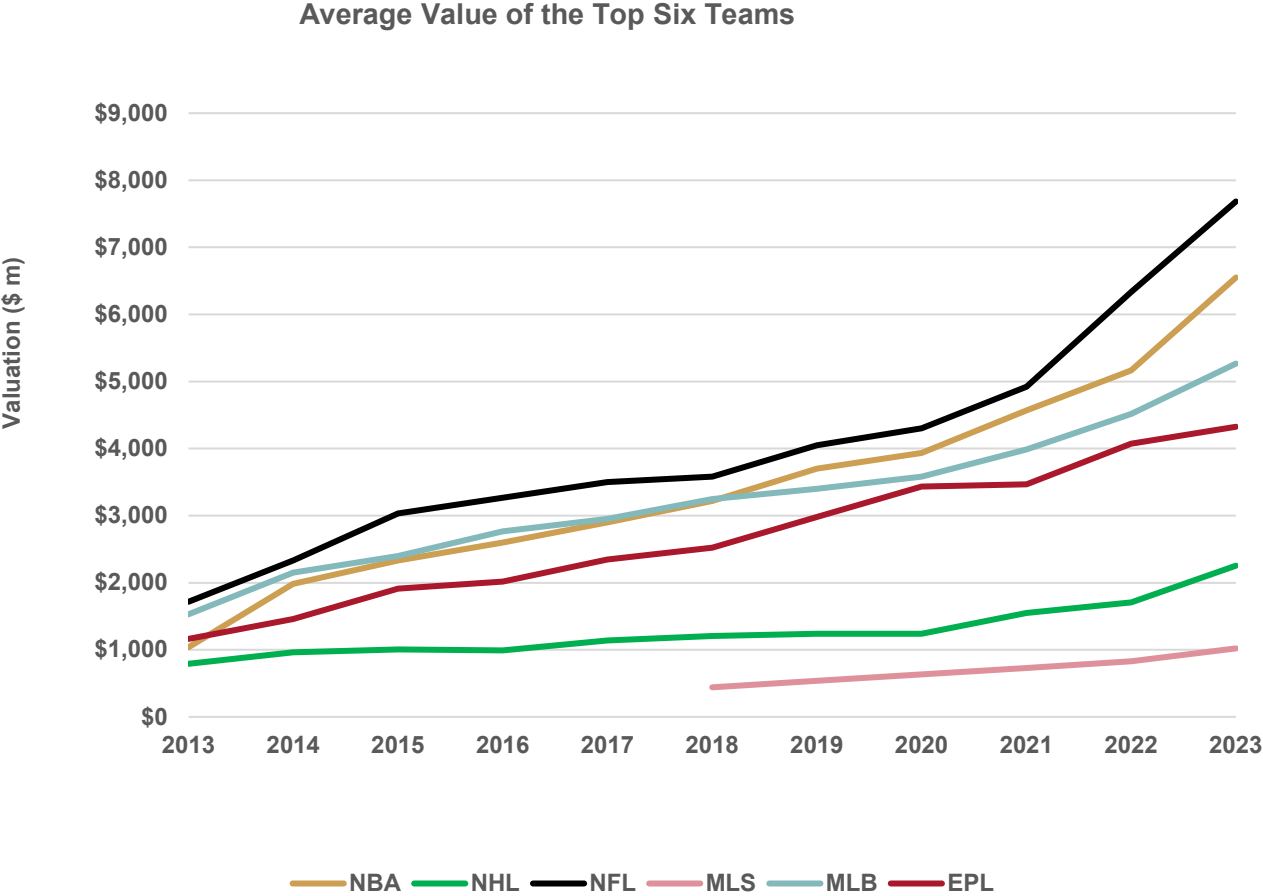
Agenda



- Trends
 - Sports Team Valuations
 - Recent Transactions
 - Transaction Prices
- Changing Ownership Profile
- Price vs. Value
- Valuation Approaches
- Value Drivers
- Investment Trends
- Conclusion

Valuation of Sports Teams

The top teams in the American Major Leagues — NFL, NBA, and MLB — are leading the march on value creation.



Top Six Teams League	CAGR	
	2013-2023	2018-2023
NBA	20.2%	15.3%
NHL	11.0%	13.3%
NFL	16.2%	16.5%
MLS	N/A	18.3%
MLB	13.2%	10.1%
EPL	14.0%	11.4%

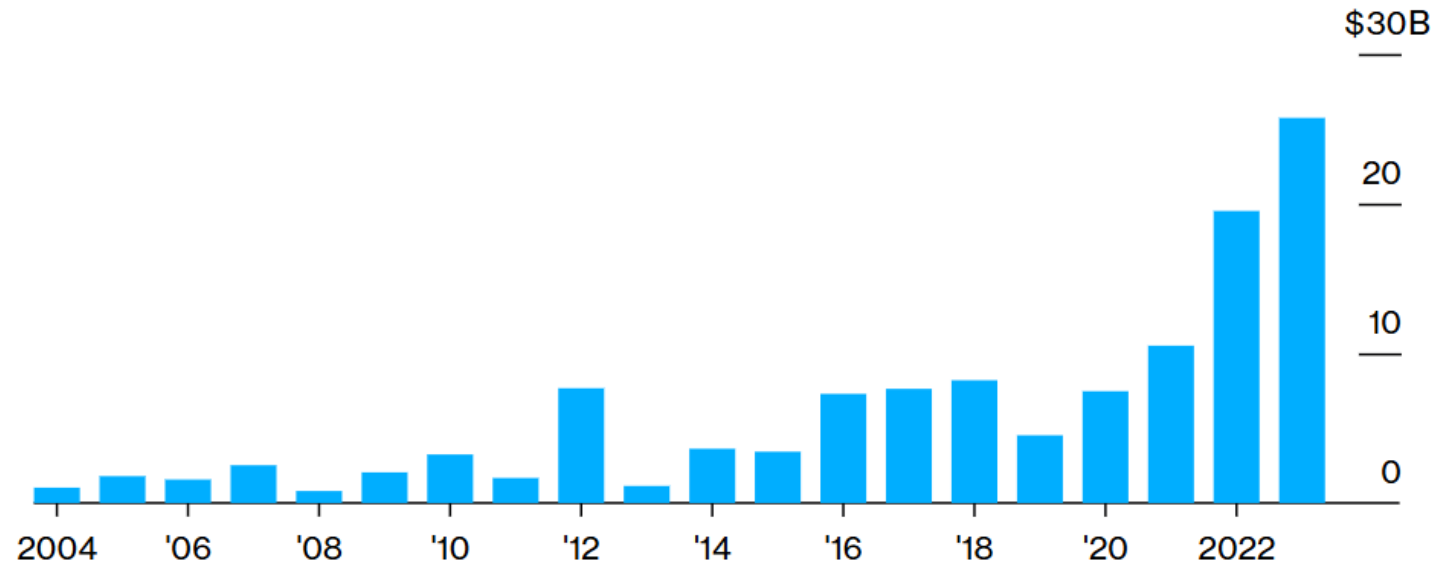


Appetite for Investment in Sports Teams

Sports teams are no longer “passionate investments”, but attractive assets with increasing returns...

- Rising popularity of sports
- Expansion into new global markets
- Rising value of broadcasting deals
- New sources of revenue
- Rising interest in women's sports
- Limited investment opportunities

Sports Deals Hit High of More Than \$25 Billion in 2023



Recent Transactions of Sports Teams

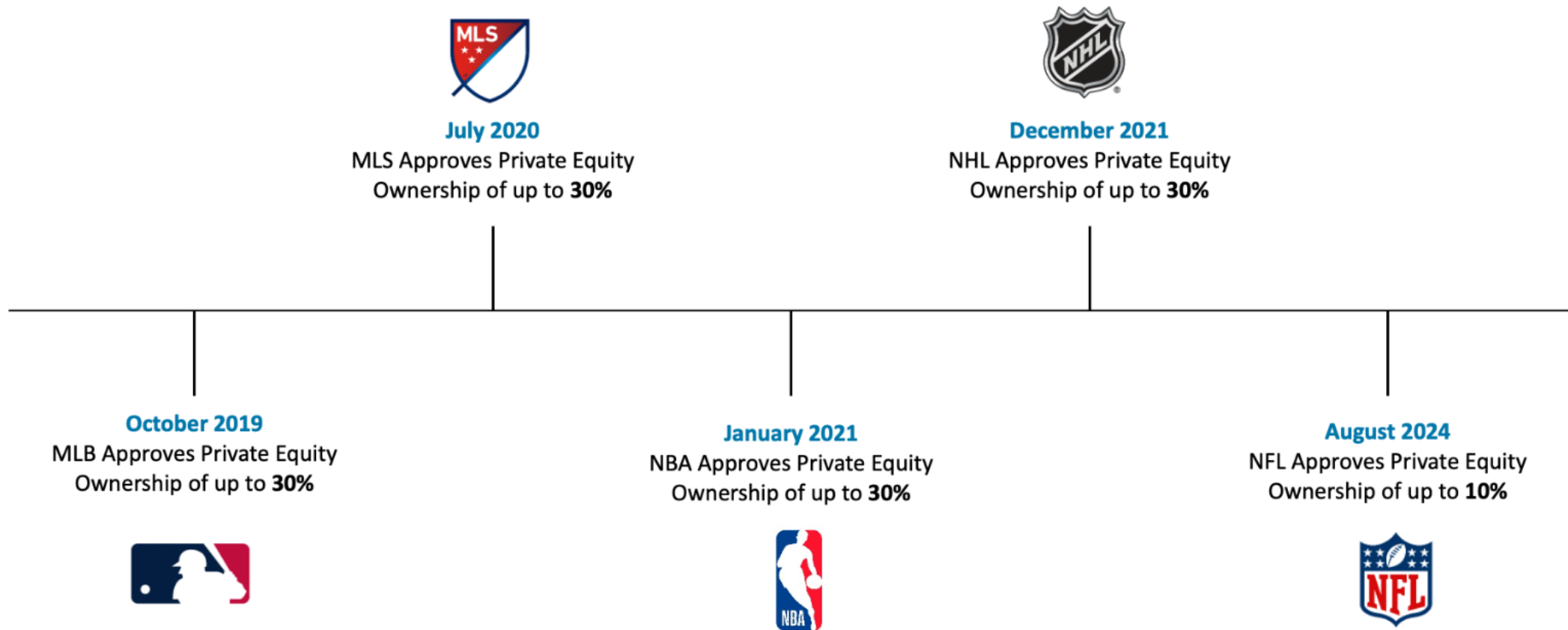
The transaction prices have increased recently, but will they continue to rise?

Team	League	Sale Price	Year	Purchaser
Boston Celtics	NBA	\$6.1 billion	2025	Private Equity
Washington Commanders	NFL	\$6.1 billion	2023	Private Equity
Chelsea F.C.	EPL	\$5.4 billion	2022	Private Equity
Denver Broncos	NFL	\$4.7 billion	2022	Family Office
Phoenix Suns	NBA	\$4.0 billion	2023	Individual
New York Mets	MLB	\$2.4 billion	2020	Individual
Ottawa Senators	NHL	\$950 million	2023	Individual



Changing Ownership of North American Major Leagues

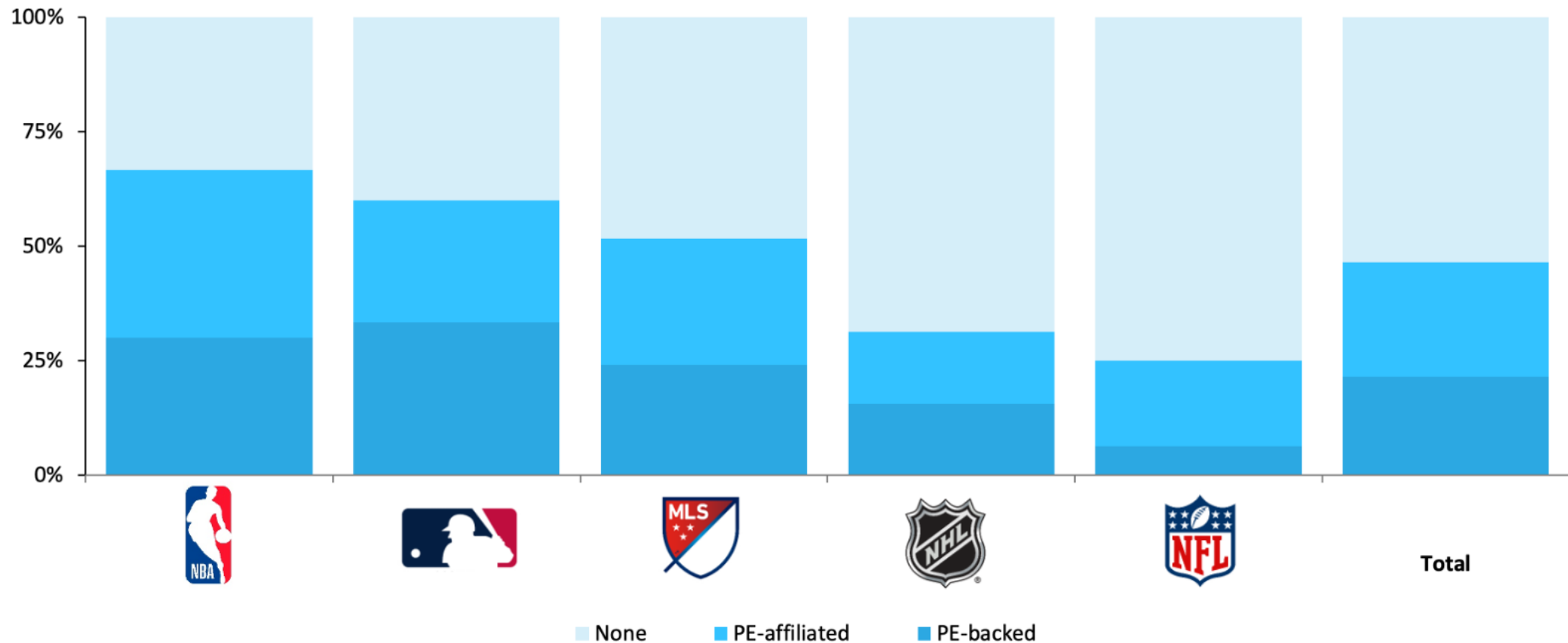
The American Major Leagues have allowed PE funds to own minority stakes in sports teams, with NFL being the most recent regulator allowing PE investments.



PE Ownership of North American Major Leagues

The number of teams with PE investments continues to rise...

Share of major North America sports leagues with private equity backing or affiliation (% as of Dec 2024)



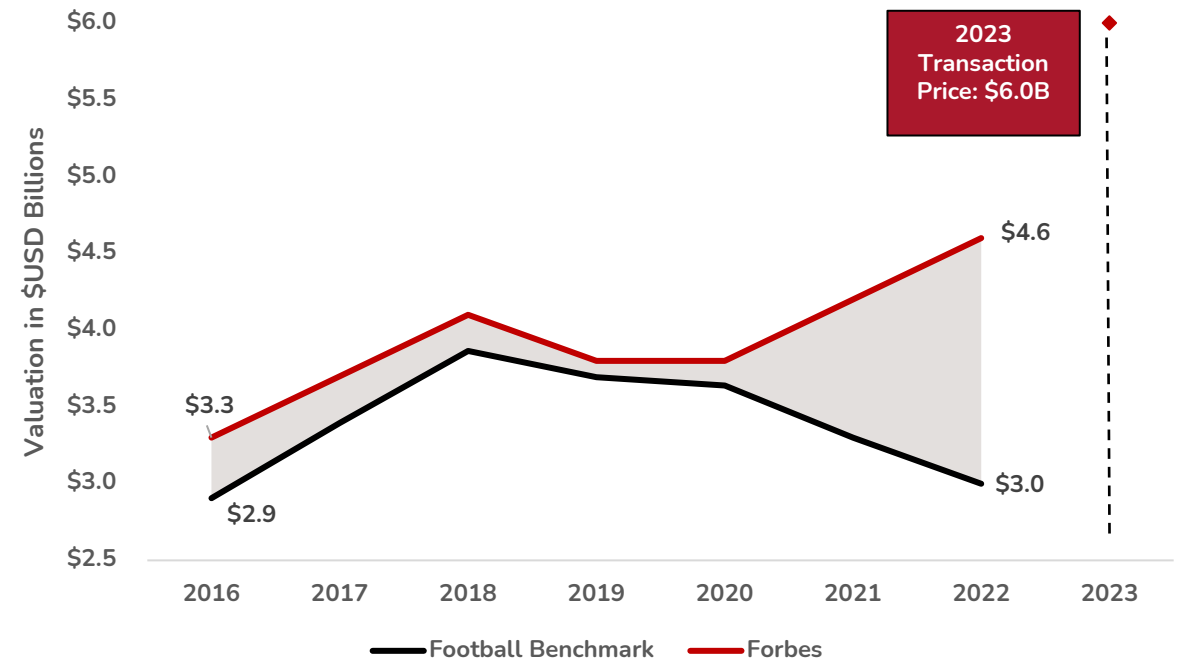
Price vs. Value

“Passionate fan” or “sophisticated investor” – who will prevail?

On February 20, 2024, Sir Jim Ratcliffe acquired a 27.7% stake in Manchester United for \$1.6 billion, which implied a total enterprise value of approximately \$6 billion.

- Manchester United is one of the most famous and successful football clubs in the world.
- The Glazer family’s relationship with Manchester United’s fans was fragile.
- The Glazer family’s value expectations deterred the several global investors, only Sheikh Jassim and Sir Ratcliffe retained interest.
- Sir Ratcliffe purchased a minority stake but obtained full control of the club’s football operations.

Manchester United Valuation and 2023 Transaction Price



Valuation Approaches

Income Approach



Considerations

Variability of revenue and expenses

Capital expenditures

Appropriate discount rate

Market Approach



Considerations

Public company vs. precedent transaction

Appropriate metric

Comparability

Cost Approach



Considerations

Appropriateness

Nature of assets



Revenue & Costs



Revenue

- Broadcasting
- Commercial
- Game day

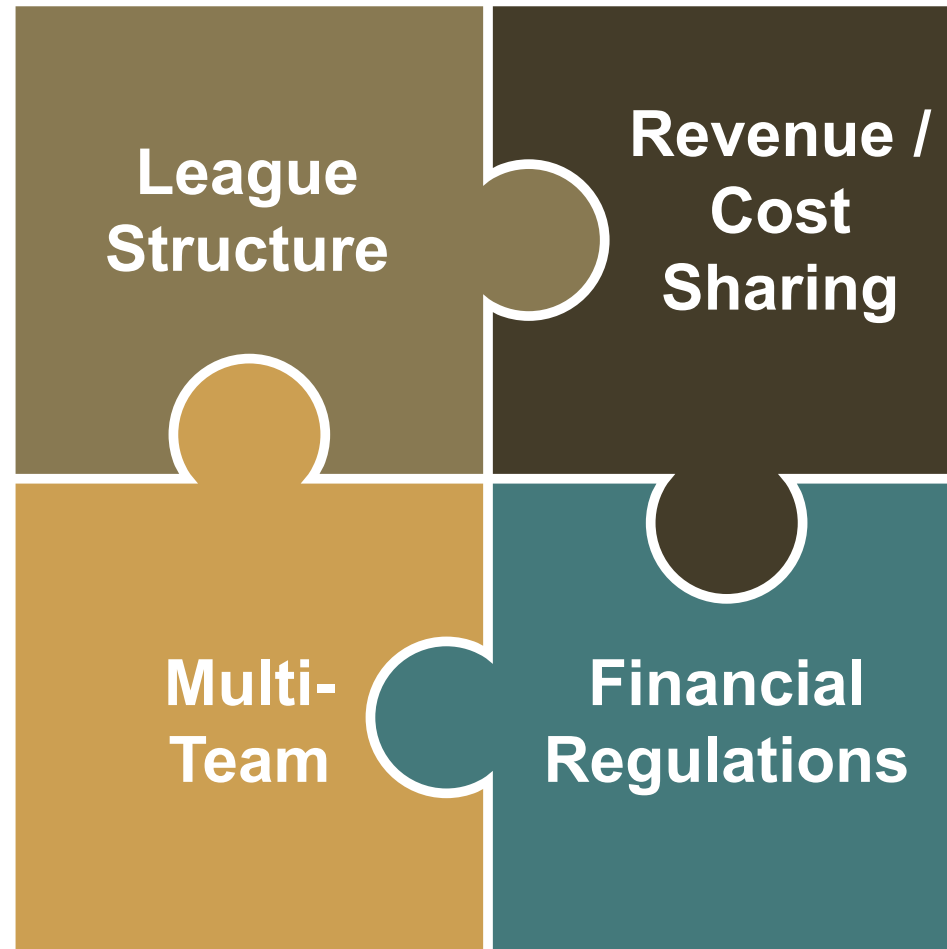


Costs

- Players & staff
- Venue
- Travel
- SG&A



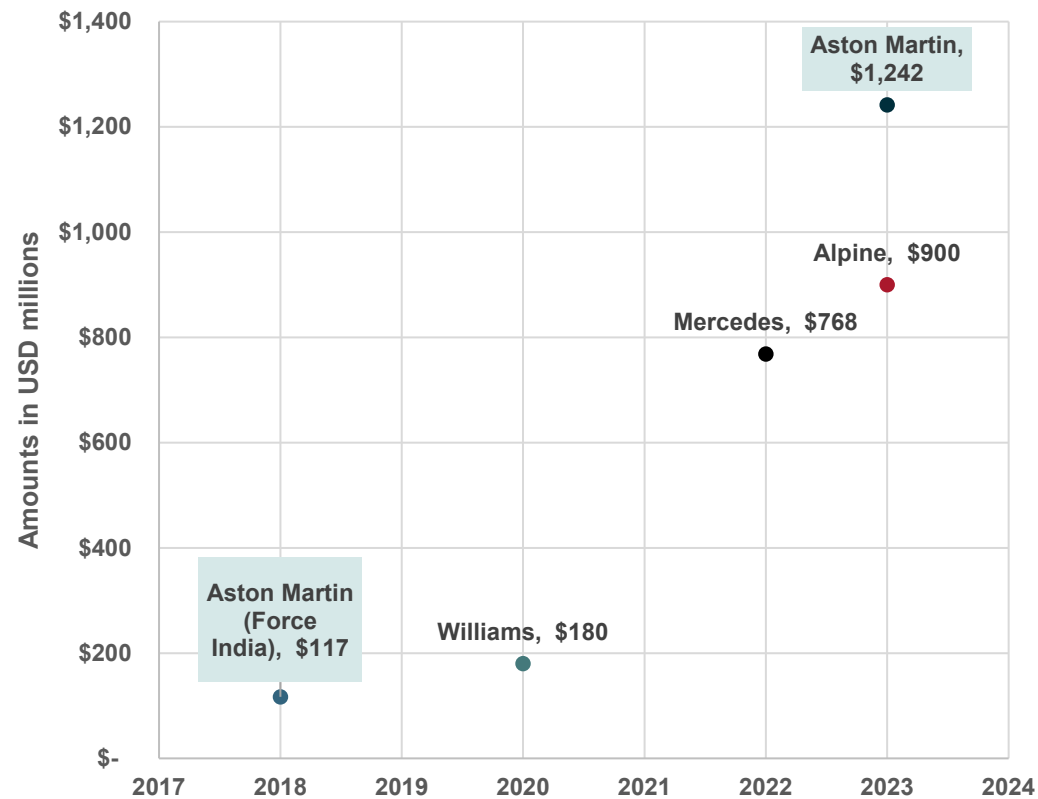
FMV Factors of Sports Teams



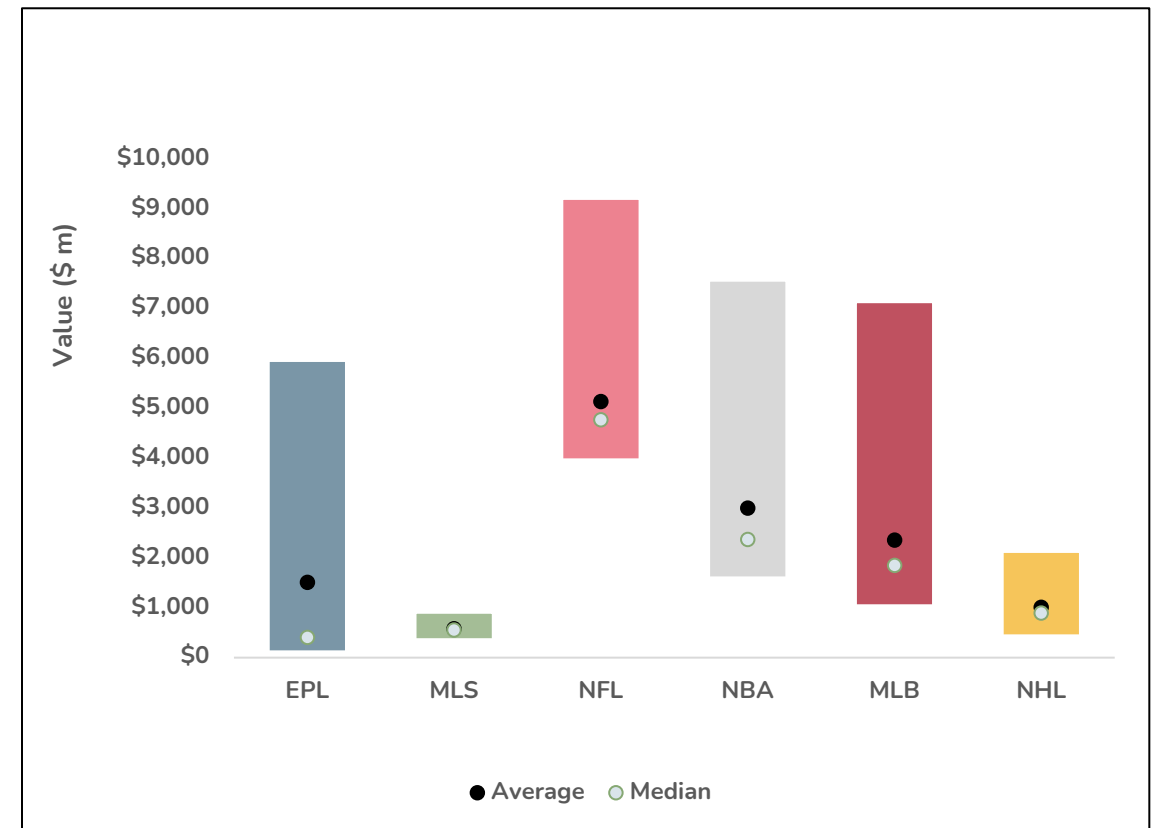
FMV Factors of Sports Teams

Certainty of economic returns positively affects the value of sports teams...

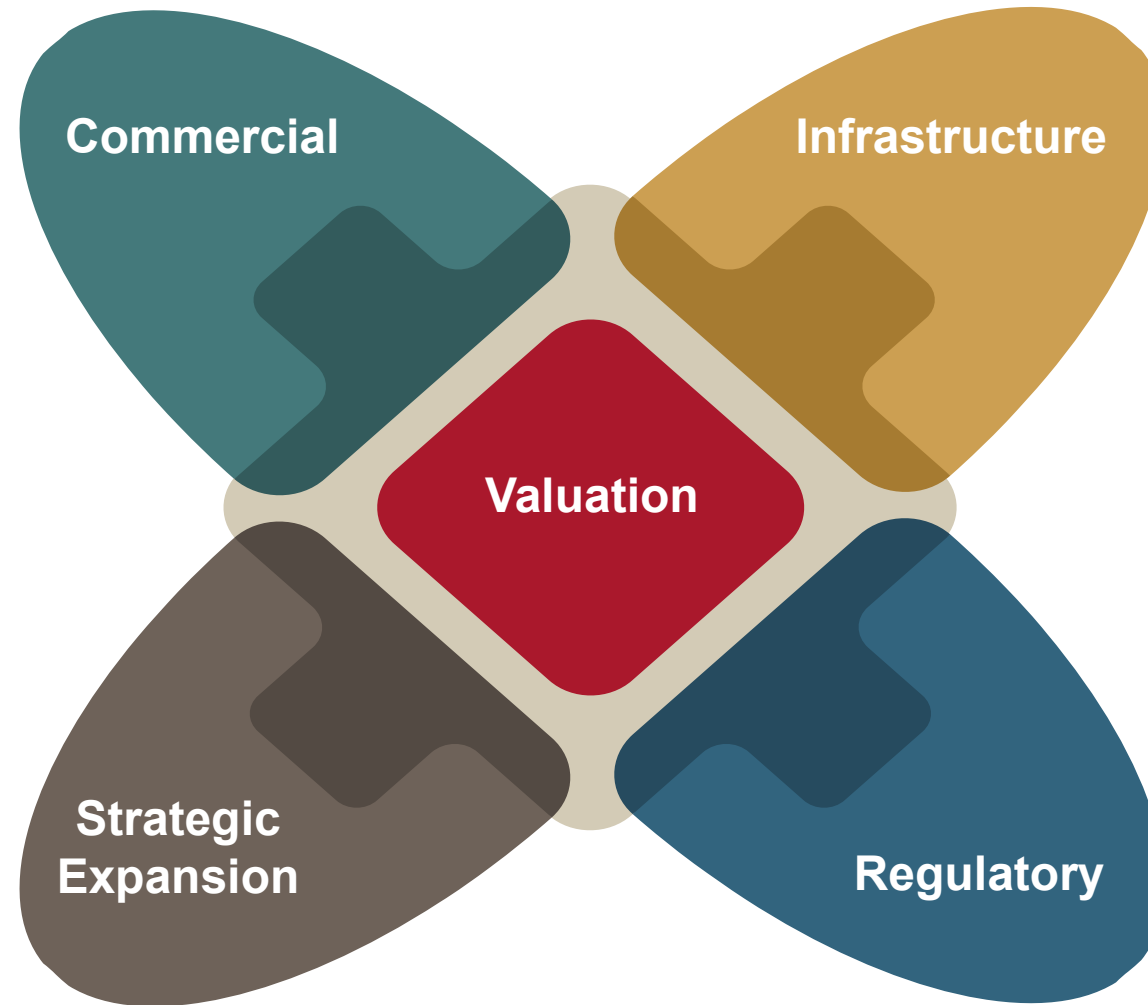
F1 Recent Transactions Summary



Range of Team Values in 2022-23



Investment Trends – Valuation Implications



Final Thoughts

“We believe sports is the most valuable form of content in the shifting media ecosystem and not only will media rights continue to increase, but forms of sports monetization will multiply”

- The Raine Group



Thank you!

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