



2023

Global Sports Survey

Chapter 4:
Investor Perspectives

JANUARY | 2024



Welcome to Altman Solon's 2023 Global Sports Survey

Setting the Stage

The sports media industry is experiencing unprecedented changes. Decision-makers are confronted with increasingly complex choices while fans' habits continue to evolve rapidly, in line with the industry's shifting and fragmented structure. In this newly introduced format, we aim to encourage genuine dialogue among all market participants – fans, rights owners, media distributors, investors, and partners – affected by those market conditions. At a time when the cultural impact of sport is stronger than ever while being on the brink of disruption, we believe it is crucial for the sector to establish a collective viewpoint and push the boundaries of thinking about its near and distant future.

In this context, we are delighted to present the findings of Altman Solon's 2023 Global Sports Survey.

This report is the 4th of 5 publications and focuses on:

1	2	3	4	5
Changing media consumption	Key perspectives: Rights owners	Key perspectives: Media co.	Key perspectives: Investors	Key innovations
October 2023	November 2023	December 2023	January 2024	February 2024

The Editors



David Dellea
Director – Zurich

18+ years experience as trusted advisor in the sports industry

david.dellea@altmansolon.com
linkedin.com/in/daviddellea



Matt Del Percio
Director – New York

16+ years experience as a TMT and sports media strategy and M&A advisor

matt.delpercio@altmansolon.com
linkedin.com/in/mdelpercio



Dr. Christoph Sommer
Director – Zurich

10+ years experience in the media and sports media industry

christoph.sommer@altmansolon.com
linkedin.com/in/christophsommer

The Firm

Altman Solon is the **largest and leading worldwide strategy firm** exclusively focused on **telecommunications, media, and technology (TMT)**.

Over 600 consultants across 13 offices worldwide and a **trusted advisor to C-level executives** from blue-chip companies operating in 100+ countries.

We have completed demanding assignments for a **wide range of high-profile sports businesses and their investors**, developing a holistic view of the **value chain and its key trends**, and our focus on TMT can help sports **accelerate its transformation**.

Learn more at www.altmansolon.com

The Survey

Online survey of **150+ senior sports executives globally**, including rights owners, media distributors, and investors, and **~2,500 consumers interested in sports in 8 countries**: US, UK, Germany, France, Italy, Spain, Mexico, China; the survey was fielded in Aug.-Sept. 2023 by our research partners IRIS and GWI.

Key perspectives: Investors

Investments in sports continue to grow and diversify, with an increasing focus on synergy integration and portfolio optimization

Executive summary

Market Indicators

Moving into the Market

- Over the last 18 months, a number of **sports-dedicated investment funds** have emerged, formalizing the **establishment of sport as an asset class**
- These are launched and backed by a **widening range of stakeholders**, including major PE firms, sovereign funds, sports organizations, and athletes
- **61% of executives believe private investment in sport will accelerate** over the next 5-7 years

Attractive Properties

- Sports presents an **appealing risk-return profile** for investors, with regulated monopoly dynamics **limiting downsides**, and **significant upsides** through new monetization opportunities and growing valuations
- While major investors target **top-tier rights** owners with stable revenue streams, others are betting on **emerging properties** with **growing or untapped fan bases**

Adjacent Opportunities

- 39% of executives see **institutional private equity** becoming the **dominant investor class in sports** by 2030, followed by **sovereign wealth funds** (35%)
- With **return-focused funds** leading sports investing, a growing focus on **combining** traditional sports assets with **adjacent, synergistic capabilities** can be expected in the future

Our Take

The rise in **dedicated investment funds** signals an **ever-greater capital deployment** within sports and media, among an **increasingly diverse range of stakeholders**

This confidence stems from sports' **unique risk profile**, offering both **limited downsides** and **significant upsides**

This is especially true for **major sports IPs**, whose **valuations continue to rise**, benefiting from a **scarcity effect**

However, we also anticipate a **diversification of investment targets**, reaching **emerging leagues** as well as **operational enablers** in a burgeoning sports technology landscape

We therefore expect sports investors to put a growing focus on the **strategic integration of synergistic capabilities** and the **optimization** of their investment portfolio



Key perspectives: Investors

Investment activity in sports is fueled by multiple stakeholders: PE firms, sovereign funds, legacy sports organizations, and athletes

Recent investment activity

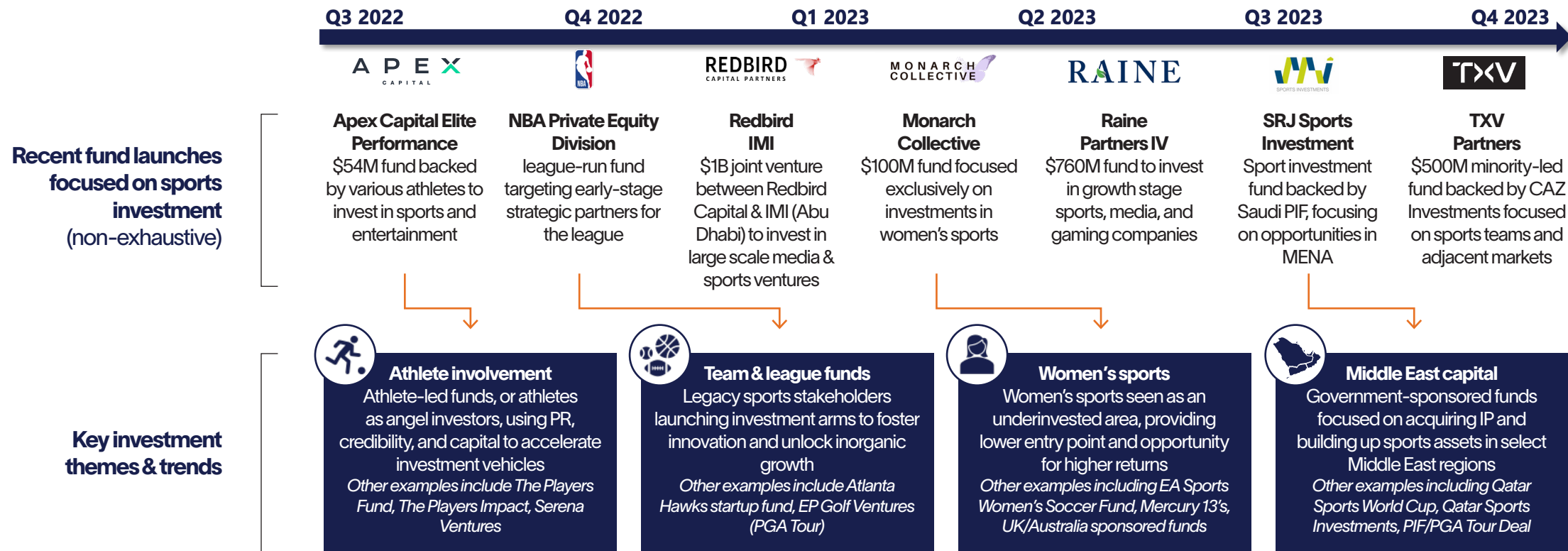
Private equity firms		<p>Consortium led by Clearlake buys Chelsea FC. for £2.5 billion plus a promise to invest £1.75b (2022) CVC Capital Partners invests \$150 million in Women's Tennis Association for a 20% stake (2023)</p>
Investment funds (traditional)	 	<p>Elliott Management sells Italy's AC Milan football club to RedBird Capital for €1.2 billion (2022) Kosmos Investment Management acquires rights to the Davis Cup tennis tournament for \$3 billion (2018)</p>
Investment funds (sports-focused)	 	<p>Arctos Sports Partners acquires 12.5% stake in Paris Saint-Germain in deal valuing team at \$4.3 billion (2023) Dynasty Equity buys minority stake in Liverpool FC. for \$100-200 million (2023)</p>
Sovereign funds		<p>Public Investment Fund of Saudi Arabia takeover of Newcastle United for \$400 million (2021) Public Investment Fund of Saudi Arabia reportedly agrees to invest >\$1 billion in new venture with PGA Tour (2023)</p>
Sports holding companies	 	<p>Kroenke Sports acquires remaining one-third share of Arsenal FC. for \$800 million (2018) 49ers Enterprise acquires controlling stake in Leeds United FC. at \$214 million valuation (2023)</p>
Sports media agencies	 	<p>DDMC Fortis acquires Asian Football Confederation media rights for \$2 billion (2018) Endeavor/UFC announce merger with WWE, valuing the combined companies over \$21 billion (2023)</p>
Athletes & celebrities	 	<p>Rory McIlroy, Anthony Joshua, Patrick Mahomes, Travis Kelce, and others purchase minority stakes in Alpine F1 (2023) Tom Brady purchases minority stake in Birmingham City FC. (2023)</p>
Other investors & groups	 	<p>Group led by Josh Harris purchases Washington Commanders football team for over \$6 billion (2023) Group led by Mat Ishbia purchases Phoenix Suns basketball team for \$4 billion (2023)</p>



Key perspectives: Investors

Over the past 18 months, several dedicated investment funds have emerged, formalizing the establishment of sports as an asset class

Recently announced investment vehicles



Source: Altman Solon

Key perspectives: Investors

Sports investments from Middle Eastern nations continue to grow via multiple pathways to build global exposure and influence

Sports investment pathways in Middle East



Acquire Stakes in International Clubs and Leagues

- Investments from Middle East sovereign wealth funds have been **primarily focused on European football franchises** (Manchester City, Paris-Saint Germain, Newcastle United F.C.)
- Other notable investments include **international leagues, sports networks, brands/sponsors**, and esports organizations



Host Top International Events

- Middle East sports ministries are increasingly **partnering with international leagues to host major competitions** (e.g., Saudi Arabia Grand Prix, UFC Fight Island)
- Motorsports** (F1), **combat sports** (UFC/Boxing), and **golf** (LIV/DP World Tour) are currently the most prevalent sports hosted in the Middle East



Invest in Growing Domestic Leagues

- Clubs owned by the **Public Investment Fund** (Saudi Arabia's sovereign wealth fund) are **aggressively spending on foreign player contracts and transfer fees** to attract household names to the Saudi Pro League
- Through consolidation of major club ownership under PIF, Saudi Arabia looks to avoid China's pitfalls in establishing a premier football league

Sources: Club Websites, CNBC, Front Office Sports, Al Jazeera, Las Vegas Review, The Sportster

September 2008
Manchester City F.C. is taken over by Mansour bin Zayed Al Nahyan, the owner of Abu Dhabi United Group



June 2011
 Qatar Sports Investments acquires a 70% stake in **Paris Saint-Germain F.C.**, eventually gaining full ownership in March 2012



December 2010
 Qatar is awarded the rights to host the **2022 FIFA World Cup**, becoming the **first Middle Eastern country** to do so

August 2015
 City Football Group (subsidiary of Abu Dhabi United Group) gains full ownership of **Melbourne City F.C.**



March 2018
 Saudi Arabia signs a 10-year partnership with the **WWE** to hold two major events per year



April 2019
 The UAE signs a 5-year partnership with the **UFC** to host one major event per year



October 2021
 Saudi Arabian Public Investment Fund acquires an 80% stake in **Newcastle United F.C.**



July 2023
 Qatar Sports Investments announces deal to acquire 5% of **Monumental Sports and Entertainment**, the **first direct overseas investment** in a US sports franchise

June 2023
PGA TOUR, DP World Tour, and PIF announce new for-profit entity to unify global professional golf





Key perspectives: Investors

Investors are having a tangible impact in advancing sports products and commercial models, with some adopting a portfolio approach

Investor ownership case studies



Initiatives

Situation	In 2016, Liberty Media Group purchased Formula 1 from long-time owner Bernie Ecclestone for \$4.4B	After acquisition of Manchester City by Abu Dhabi United , launch of City Football Group in 2013 following a portfolio approach
New Geos	Rights deal with ESPN for US distribution; <i>Drive to Survive</i> (2018) to broaden fan reach ; added Miami GP (2022) & Vegas GP (2023)	Multi-Club Ownership (MCO) model with teams in US, Australia, Japan, Italy, Uruguay, Spain, China, India, France, Belgium, & Brazil
Media/Engagement	Partnered with Netflix on docu-series <i>Drive to Survive</i> , providing behind-the-scene access and building up athlete profiles ; strong social media presence & relaxing restrictions on content sharing	Partnered with Amazon to produce docu-series <i>All or Nothing: Manchester City</i> in 2017; launched Cityzens , a global membership system providing fans with exclusive content, offers/rewards
Technology	AWS partnership to unlock tech capabilities , including driver data collection/analysis and advanced AR overlays during broadcasts	Active in esports since 2017 (competitive teams for FIFA and Fortnite); recent global partnership with Cisco
Product & Innovation	Introduced cost caps to improve league parity; added sprint races to add additional racing to GP weekends	Information/strategy coordination across network allowing group to develop and feed talent to main clubs (Manchester City)
Commercial	Launched F1 TV as a direct-to-consumer offering	Leveraged scale to win large global sponsors (Etihad and Nissan)

Impact

- F1 revenues have **increased** from \$1.8B in 2017 to \$2.6B in 2022 (8% CAGR)
- YouTube channel subscribers increased 25x from '17-'22
- City football group portfolio grown to 13 teams since inception to become largest global MCO (multi-club owner)
- Manchester City team revenues have **increased** from €416M in 2014 to €731M in 2022 (7% CAGR), as team won 7 EPL titles since 2011 and first ever **UEFA Champions League title** in '23

Key insights:

Driven by the need to find return in the mid-term, **investors** moving into the sports ecosystem **have been quick to implement** and experiment with **new initiatives** targeted at **expanding reach**, **building engagement**, and **optimizing fan monetization strategies**

Source: Altman Solon



Key perspectives: Investors

This trend is here to stay; sports executives believe that private investment in sports will accelerate further in next 5-7 years

Pace of sports investment

How do you expect private equity investments in sports to evolve in the next 5-7 years?



Source: CAWI Executive Survey N=150

Key insights:

Investors are convinced that their presence in the sports ecosystem will continue to build, with **80% of investors believing that private investments will accelerate**

This is in line with:

The launch of several sports-dedicated funds in recent months, implying that significant capital is waiting to be deployed

Sports as an increasingly diversified asset class, from the launch of new commercial and competition ventures to the investment in top-tier franchises, or sports technology assets (e.g., AI)

“Investors are creating a more sustainable sports ecosystem by bringing a longer-term outlook (i.e., minimum 10 years) to ownership.”

Timo Lumme,
Senior Advisor IOC TMS

“Investors in sport will be pushing for industry professionalization and consolidated, sustainable structures with proper governance.”

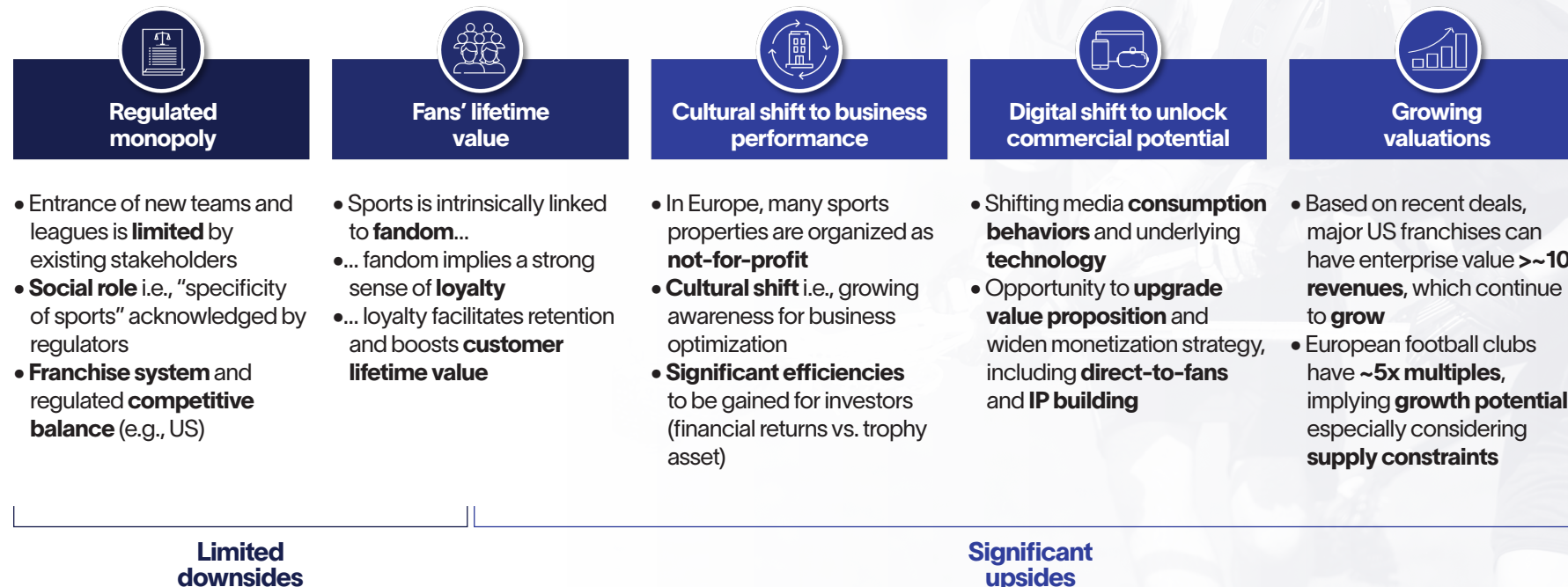
Gustavo Arellano,
Head of Commercial Development FIBA



Key perspectives: Investors

As an asset class, limited downsides and potential for significant upsides gives sports an attractive risk-return profile for investors

Investment profile



Source: CAWI Consumer Survey N=2500, Powered by IRIS

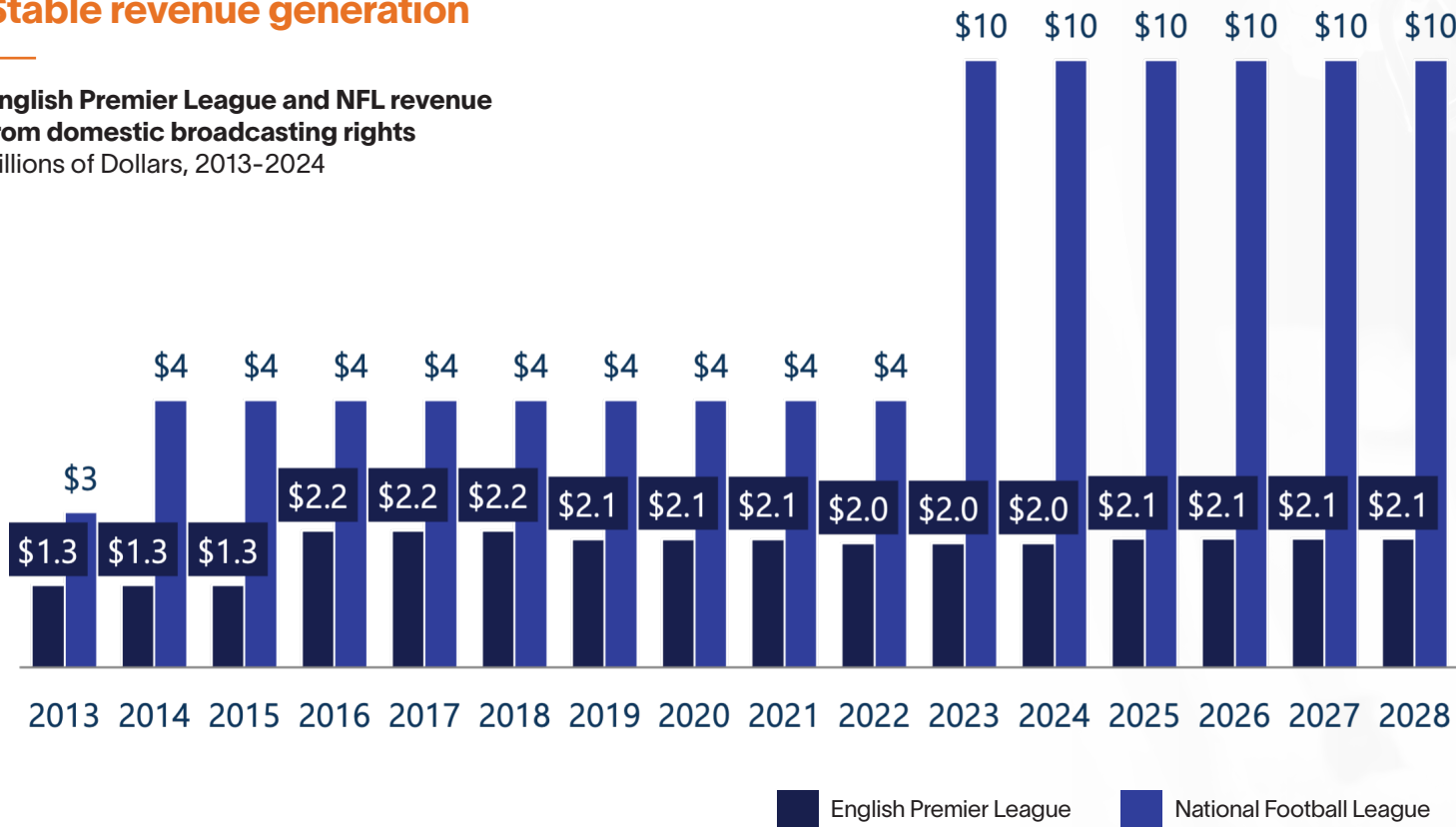


Key perspectives: Investors

Investors are attracted to entrenched properties with consistent commercial and media revenues, and with large, fervent fan bases

Stable revenue generation

English Premier League and NFL revenue from domestic broadcasting rights
Billions of Dollars, 2013-2024



Source: Altman Solon

“Investors can find new ways... [to] create an ecosystem that has a good floor of guaranteed revenues for clubs, but works with upside sharing so incentives between clubs, rights owners, and broadcasters are better aligned.”

SVP Strategy & Business Development
Media Co

Key insights:

- Professional sports is a **stable form of content** reaching **loyal live audiences** that are also **attractive to advertisers**
- Investors see room to grow:** globally, 40% of fans who would be willing to pay for a sports subscription currently do not do so
- Simultaneously, overall valuations are being driven up as new, wealthy investor classes enter the **supply-constrained market for teams and leagues**



Key perspectives: Investors

Given development potential of global media rights, leagues with international appeal are good targets for growth-oriented investors

League popularity (domestic and international)

	Domestic		International ³	
	Fan Interest ¹	Essential ²	Fan Interest	Essential
National Football League (USA)	85%	69%	35%	23%
Serie A (Italy)	92%	70%	45%	22%
La Liga (Spain)	91%	74%	50%	27%
Bundesliga (Germany)	91%	67%	42%	22%
English Premier League (UK)	87%	62%	57%	32%
Ligue 1 (France)	75%	50%	35%	16%
UEFA Champions League (Int'l)	-	-	71%	52%
Formula 1 (Int'l)	-	-	52%	33%

Key insights:

European soccer leagues command strong consumer interest in domestic markets and international markets ^{1st & 10}

Interest is highest across all markets for **UEFA Champions League** and **Formula 1**

NFL commands less international interest than **European soccer**, but interest in the NFL is growing in Europe

Notes:

¹ Respondents in each country that are "somewhat" or "very interested" in each league/competition;

² Respondents in each country that rated each league/competition 75 or higher on a scale from "0 = Not Essential" to "100 = Essential" when selecting a live TV / video service;

³ Includes respondents in US, UK, Germany, Italy, Spain, France, Mexico, China. Source: CAWI Consumer Survey N=2500, Powered by IRIS

Source: CAWI Consumer Survey N=2500, Powered by IRIS



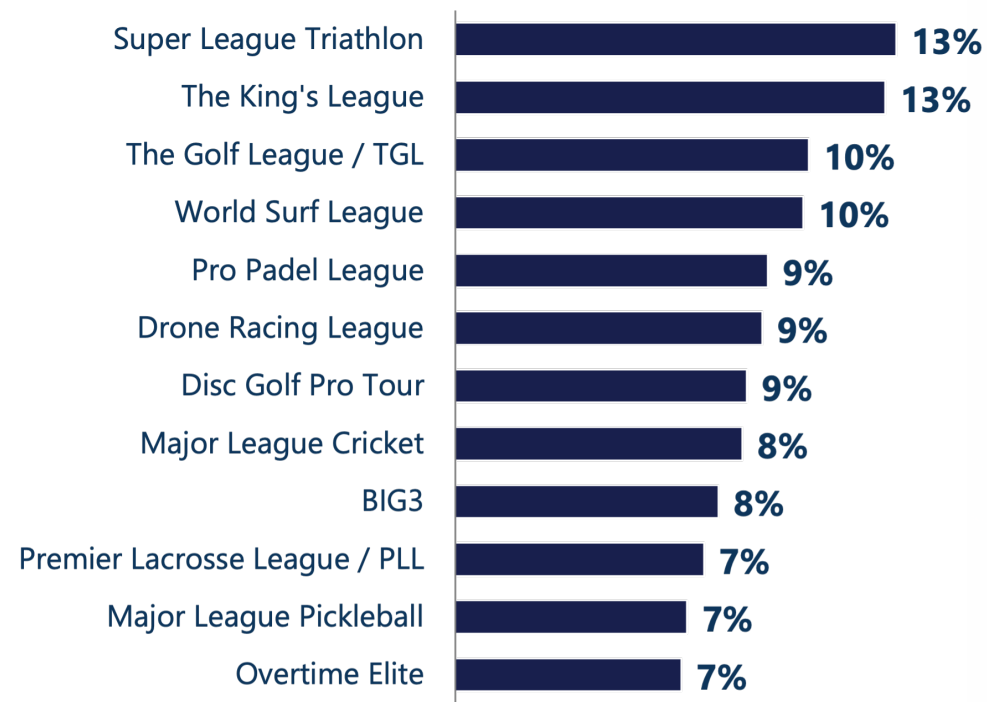
Key perspectives: Investors

Additionally, some investors are taking long-shot bets on properties with growing or untapped fan bases

Awareness and interest in emerging properties

Please indicate your interest in the following leagues and competitions

% of respondents somewhat or very interested, among those interested in watching sports, all countries



Source: CAWI Consumer Survey N=2500, Powered by IRIS

Key insights:

- Investments in **emerging leagues** are typically **smaller in size** with the hope of a large long-term payout (similar to venture capital)
- Smaller investment sizes **opens the investor pool** to additional sources (athletes, celebrities, smaller firms, family offices)
- In recent years, emerging sports leagues have seen **significant investor activity**:

Drone Racing League: \$50M series C including Exor Venture & Third Waves Digital (2020)

Premier Lacrosse League: \$54M Series D round led by TCG (2022)

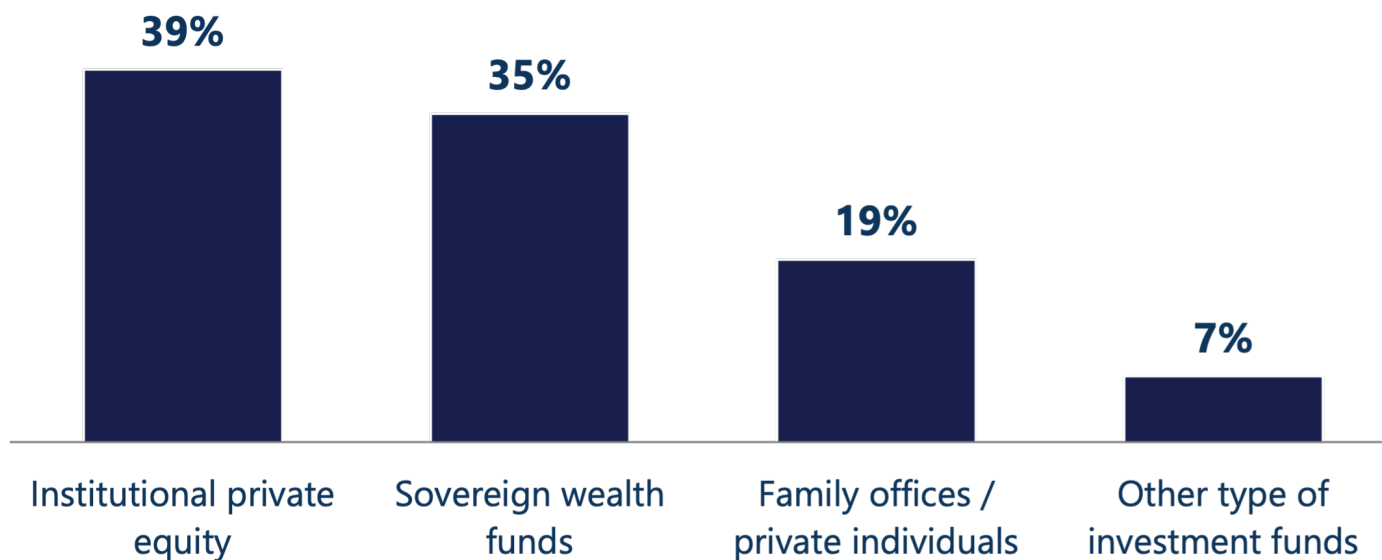
Athletes Unlimited: \$30M across multiple investors (2022)

Key perspectives: Investors

As return-focused funds dominate sports investing, synergetic assets will be targeted to complement and optimize existing investments

Dominant investor class of the future

By 2030, which type of private investor do you expect to hold the most dominant position in sports properties?



Source: CAWI Executive Survey N=150



“Investors can contribute to a more sustainable sports ecosystem with a focus on optimizing new, underleveraged digital opportunities for rights owners.”

Claude Ruibal,
Managing Director, Ubiquity Sports

Key insights:

PE firms and sovereign wealth funds are seen as well placed to dominate sports investing over the next few years

It is likely that major sports investors will develop a portfolio approach, seeking to integrate synergetic capabilities including retail, consumer media, and enabling technologies such as AI and data analytics to achieve operational efficiencies and accelerate commercial growth

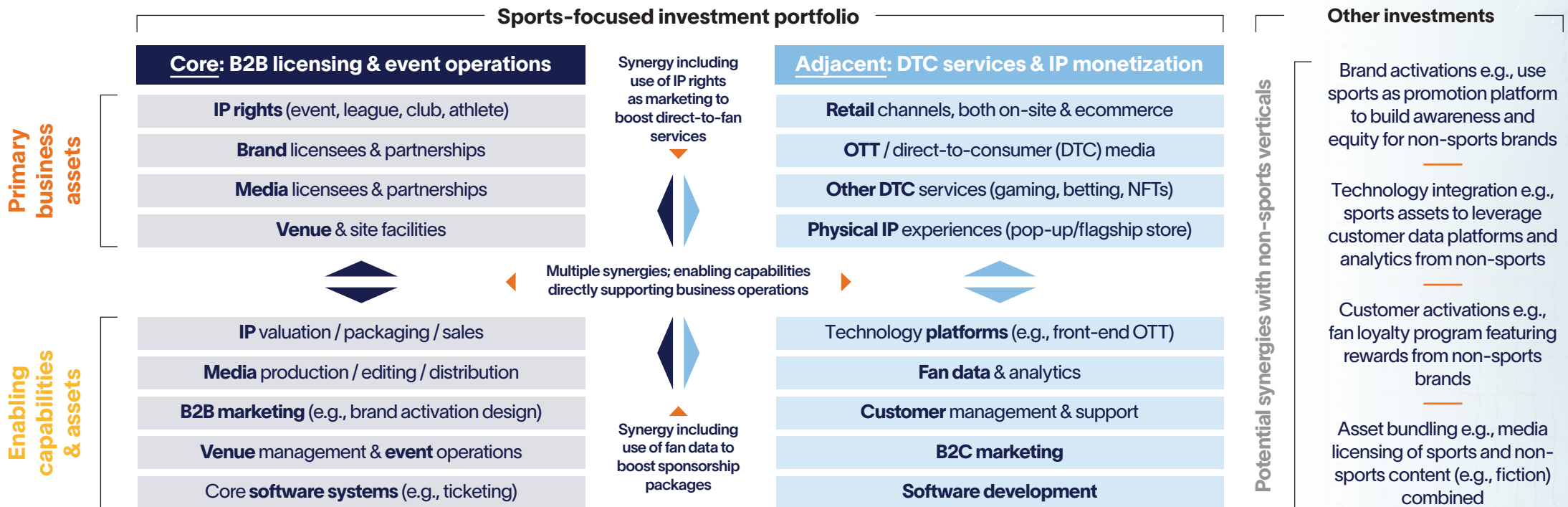


Key perspectives: Investors

To boost returns, sports-related investors can build a virtuous ecosystem of synergistic assets & capabilities across their portfolio

Opportunity framework

Investors should **select assets** based on **gaps** and **synergy potential**, including **vertical integration** of both **business** assets and **enabling** capabilities:



Source: Altman Solon



Key perspectives: Investors

To boost returns, sports-related investors can build a virtuous ecosystem of synergistic assets & capabilities across their portfolio

Case study: **REDBIRD**
CAPITAL PARTNERS



Source: Altman Solon

Key perspectives: Investors

What will the future hold? We believe sports investors must expand across a diverse set yet coherent asset types for maximum returns and synergies

Our take

In recent years, the world of sports has emerged as an **increasingly appealing asset class** for investors. It attracts a **wide range of investment and investor types**, ranging from **influential private equity firms** and **sovereign funds** to traditional **sports organizations**, as well as a growing number of **athletes**.

The surge in **sports-dedicated funds** over the last 18 months suggests an even greater deployment of capital. In fact, **industry experts anticipate a continued rise in private investment** over the next 5-7 years (~65% think it will accelerate).

This confidence is grounded in the **sector's unique risk profile**, combining **limited downsides** – sports as regulated monopoly with an enduring fandom – and **significant upsides** from new monetization opportunities and growing valuation multiples.

Investors gravitate towards two key categories: **top-tier properties** with steady revenue flows from broadcasting rights and passionate fan bases, and **emerging properties** with untapped potential and burgeoning audiences.

Beyond conventional revenue models, investors are **actively seeking new monetization opportunities to maximize returns**. This involves a **shift from traditional team ownership** towards a more expansive **portfolio approach**, targeting **synergistic capabilities** as pathways for growth.

Strategic portfolio management plays a pivotal role in guiding this journey, with a focus on optimizing strengths, minimizing risks, and **identifying high-impact areas for expansion** within the ever-converging sports, media, and technology ecosystem.

“The ecosystem will benefit from longer term outlooks from investors and professionalized, expertise-oriented approaches to management of key assets and operations.”

Sanjog Gupta,
Head of Sports Disney Star

“Investors, should focus on partnering with media companies who focus exclusively on enhancing fan experiences that make them more enjoyable, immersive, and unforgettable. It is important to partner with management teams that understand the difference between what is a feature and what is a business.”

Wim Ponnet,
CEO Ponninvest

“Investors see an opportunity to bring smart money to the rights holders and work with them to develop a better product, better experience, more diversity, more flexibility for fans to engage with the product and build the sports of the future.”

Marcus Luer,
Managing Partner SMRF Capital

Source: Altman Solon

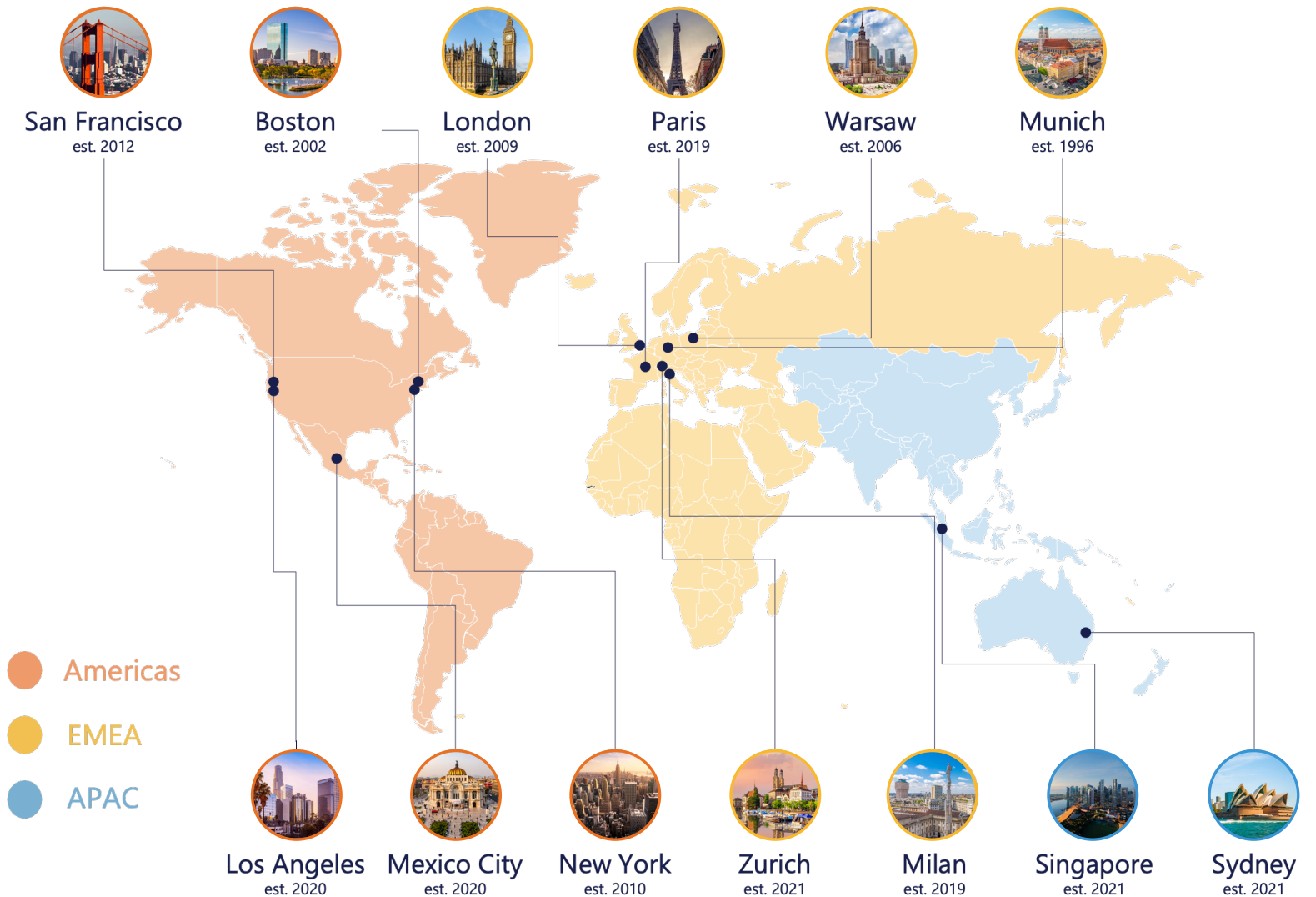
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Our services in the sports industry:

- Strategy
- Target operating model
- Organizational design
- Go-to-market
- Financial planning
- Transaction support
- Feasibility assessments

Specific strategy services in sports media:

- Rights packaging and auctioning
- Media rights servicing
- DTC, OTT and Web3
- Content features and pricing
- Fan behavior research
- Remote/virtual production



At Altman Solon,
we have built an
impressive team of
strategy professionals
working at the
crossroads of sports
and media



David Dellea
Zurich



Matt Del Percio
New York



Christoph Sommer
Zurich



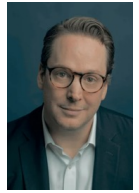
Matt Rivet
Los Angeles



Christian Esser
Munich



Justin Jameson
Sydney



Ian Lube
London



Katrina Kazor
San Francisco



Federico Farina
Milan



Mateusz Lukaszewski
Warsaw



Raphael Hagenbuch
Munich



Oliver Wilson
London



Davide Tesoro-Tess
Milan



Robin Fasel
Zurich

Our Research Partners

The consumer research included in this publication was collected by our partners IRIS and GWI as part of an online survey fielded between August and September 2023



Matteo Tiranti
London



Pascal Stefan
Munich



Doug Meyers
New York



Alessandro Oehy
Zurich



Nolwenn Monnier
Zurich



Livio Baumli
Zurich



Otto von Wulffen
Munich



Tereza Vaculikova
Zurich

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