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Morningstar DBRS European Women's Football: Kicking Through the Barriers to Financial Sustainability

Saturday, February 17, 2024, the Women's Super League (WSL) attendance record was broken as 60,160 tickets were sold for the match between Arsenal and Manchester United at Emirates Stadium in London. This is the latest in a string of record-breaking attendances at women's football matches that includes the 2023 FIFA Women's World Cup (WWC), where one-third of the matches recorded attendances of more than 40,000 spectators and stadiums averaged 84% capacity utilization. The growth in interest in women's football is being monetized through matchday, media/broadcasting, and sponsorship revenues.

While many European football clubs have ancillary businesses such as basketball, handball, esports, and women's football, their brand recognition and the majority of revenue generation is a result of the popularity of the men's football programs. However, we take the view that the popularity of women's football will continue to grow rapidly, supported by surging attendance, television viewership, and sponsorship. This will lead to increased investment in every aspect of women's football, including coaching and development, training facilities, and player wages, which will improve the on-pitch product and support further revenue growth. We expect this momentum could snowball and allow European women's programs to sustain themselves financially. As such, the credit profiles of our rated entities, such as FC Barcelona (rated BBB, Stable) and FCT Olympique Lyonnais StadCo (rated BBB, Stable), which are currently driven by their men's

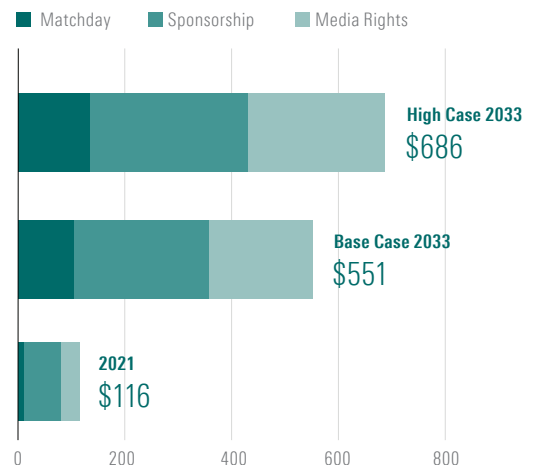
football programs, could be bolstered by the success of their women's football programs.

Women's Revenues Set to Take Off

Union of European Football Associations (UEFA) has lofty expectations for the business of women's football and projects the annual commercial value in Europe to grow by almost six times to EUR 686 million in 2033 from EUR 116 million in 2021 (EXHIBIT 1). Revenues are expected to grow across all business segments, namely matchday, media/broadcasting, and sponsorship.

EXHIBIT 1

Annual Commercial Value of European Women's Football (EUR millions)



Source: UEFA.

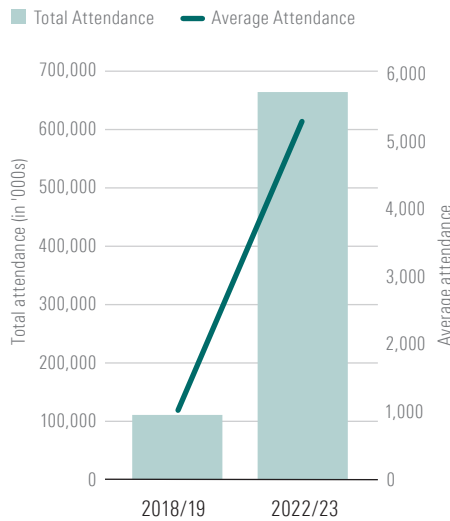


Matchday: Record-Breaking Attendance

As the demand for live women's football continues to increase, teams are playing more matches at larger venues. In the 2023–24 season, the Arsenal women's team is playing six of its 11 WSL home matches at Emirates Stadium, the home of the men's squad, instead of at Meadow Park, its own 4,500-seat home ground. In the 2022–23 season, the WSL recorded total attendance of 664,211, almost six times the 111,100 reported in the 2018–19 season. Similarly, average attendance grew to 5,272 in 2022–23, almost five times the 1,010 reported in the 2018–19 season (EXHIBIT 2).

EXHIBIT 2

WSL—Total and Average Attendance



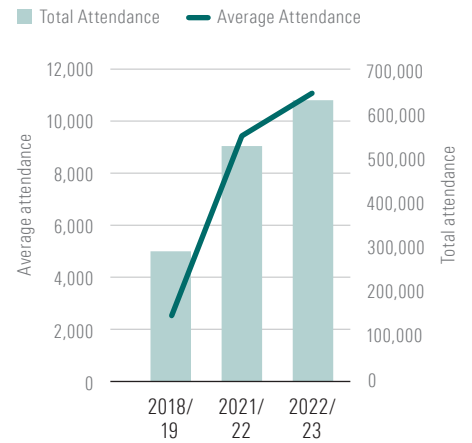
Source: Onefootball.com and Optus.com.

Similarly, in the UEFA Women's Champions League (WCL), the Barcelona women's team reported world-record attendance of more than 90,000 at two of their WCL games held at Spotify Camp Nou. The 2022–23 WCL Final between Barcelona and VfL Wolfsburg was the first in the tournament's history to be sold out, packing 33,000 spectators in the neutrally located Philips Stadion in Amsterdam. The average attendance at WCL matches doubled to 10,800 in the 2022–23 season from 5,000 in the 2018–19 season, while total attendance increased to around 650,000 in 2022–23 season, almost 4.5 times that of the 2018–19 season (EXHIBIT 3).

The increase in attendance results not only in increased ticket sales, but also in increased food, beverage, and merchandise revenues for women's football clubs.

EXHIBIT 3

UEFA WCL—Average Attendance



Source: UEFA.

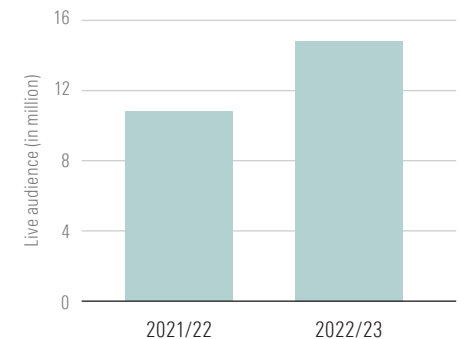
Media/Broadcasting: Rights Values Taking Off

In addition to the attendance growth at matches, the viewing audience for women's football matches is increasing. As shown in EXHIBIT 4, viewership for WSL matches in the 2022–23 season grew to an aggregate of 14.8 million, up from 10.8 million in the 2021–22 season. We expect this to translate to more lucrative broadcast rights values. The domestic media rights for the upcoming WSL seasons are up for sale and media reports suggest that the league is aiming to secure GBP 15 million to GBP 20 million per year, approximately double the previous deal of GBP 8 million.

The value of women's football rights is growing globally as viewership is getting stronger. The 2023 WWC semifinal match between the Matildas of Australia and the Lionesses of England was the most watched TV program in Australia since its

EXHIBIT 4

Viewing Audience for WSL



Source: Sports Pro Media.



current rating system was introduced in 2001. More than 40% of the Australian population—11.15 million people—watched the match¹. In North America, the National Women's Soccer League (NWSL) is cashing in on its increased viewership as its media rights were recently sold for a record-breaking USD 60 million per season, 40 times the previous deal of USD 1.5 million per season.

Sponsorship: Lucrative Deals Being Signed

According to UEFA, sponsorship is the fastest growing revenue stream for women's football². While a significant amount of sponsorship deals continue to be made in joint agreement with the men's clubs—such as Snapdragon's upcoming front-of-shirt sponsorship of both Manchester United's men's and women's jerseys—a number of women's clubs have developed exclusive partnerships. Mastercard is the Olympique Lyonnais women's team jersey sponsor, a separate deal from the Emirates jersey sponsorship entered into by the men's squad. The skincare brand Rilastil recently became a Global Partner of Barcelona's women's team and Visa has multiyear partnership with UEFA, which supports all levels of women's football in Europe. In the UK, Barclays recently renewed its three-year sponsorship

deal with the WSL for a record GBP 30 million, double the previous deal. These partnerships signify the commercial attractiveness of women's football and the potential for brands to reach a unique, diverse, and growing fanbase. They also provide a strong and contractual revenue base for women's football clubs.

The Path Forward

We expect that women's football clubs will become financially sustainable in the next five years, based on the growth trends in fan interest and investor sentiment. UEFA projects the number of fans for women's football in Europe to more than double by 2033, rising to 328 million from 144 million currently. As the popularity of the sport increases, it will attract more investment, leading to better product quality, which will further increase the popularity of the sport. This virtuous cycle, similar to what Major League Soccer is currently experiencing in North America, will help European women's football clubs become financially sustainable and bolster their parent companies' credit profiles, which are currently mainly supported by their men's football programs.

1 Football Australia. Football Australia celebrates hosting the most successful FIFA Women's World Cup ever. August 21, 2023.

2 UEFA.com. The business case for women's football. August 16, 2022.

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