



Investing in Sport: A Slam Dunk?

OC&C Perspectives

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OC&C
Strategy consultants

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Investor interest in sport continues to grow – and for good reason. We see lots of reasons to get excited, though with some important watchouts

Key Takeaways

Vast, growing ecosystem – worth over \$500bn (2021); growing to >\$800bn (2027)



Favourable tailwinds – changing fan behaviours; demand for rights and content; tech innovation



Attractive asset characteristics driving **investment boom** (>\$30bn 2021/22)

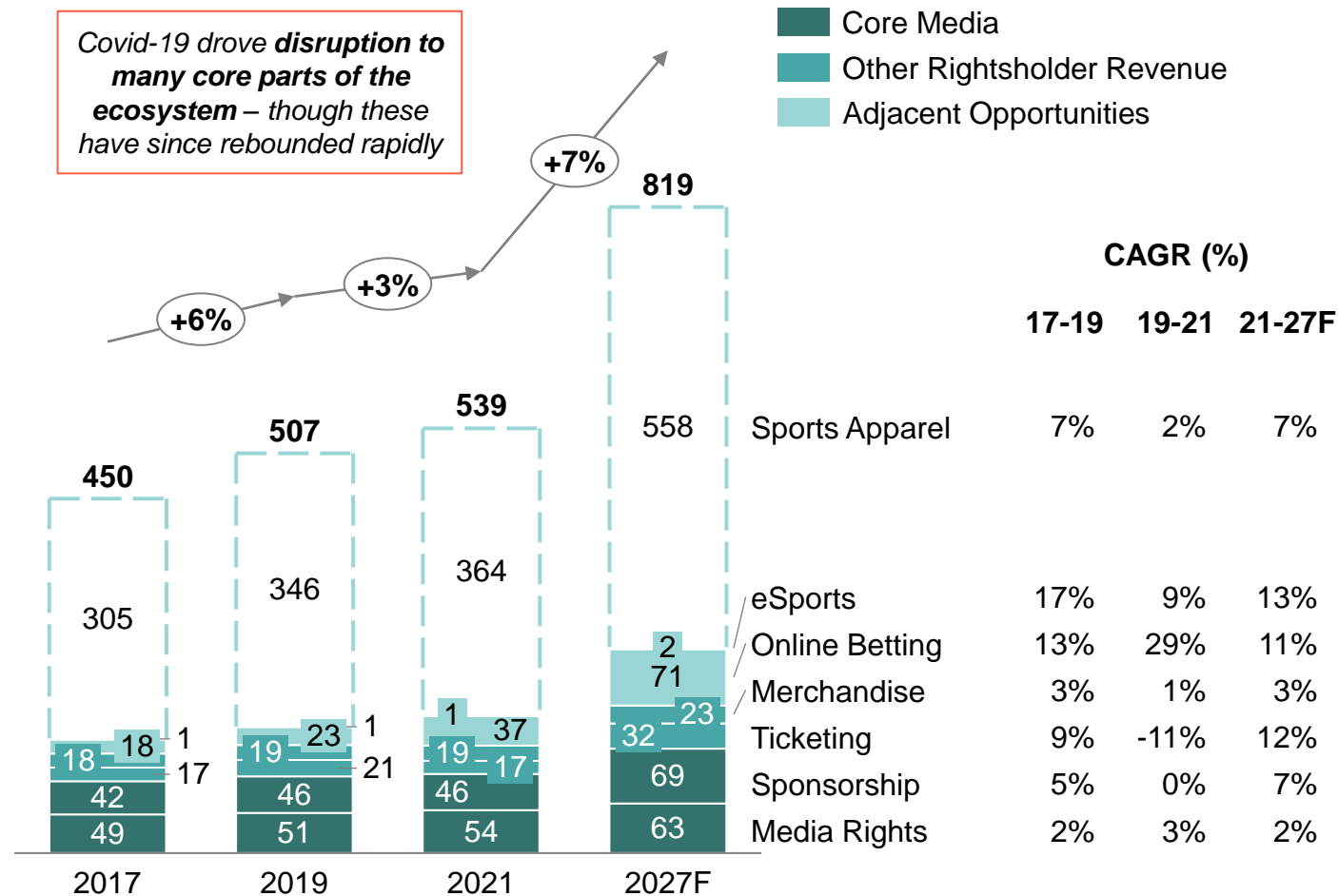


Six attractive investment spaces – each with unique considerations



The market is worth >\$500bn, and will continue to grow – with several exciting growth hotspots

Global Sports Market, 2017-27F (\$bn)



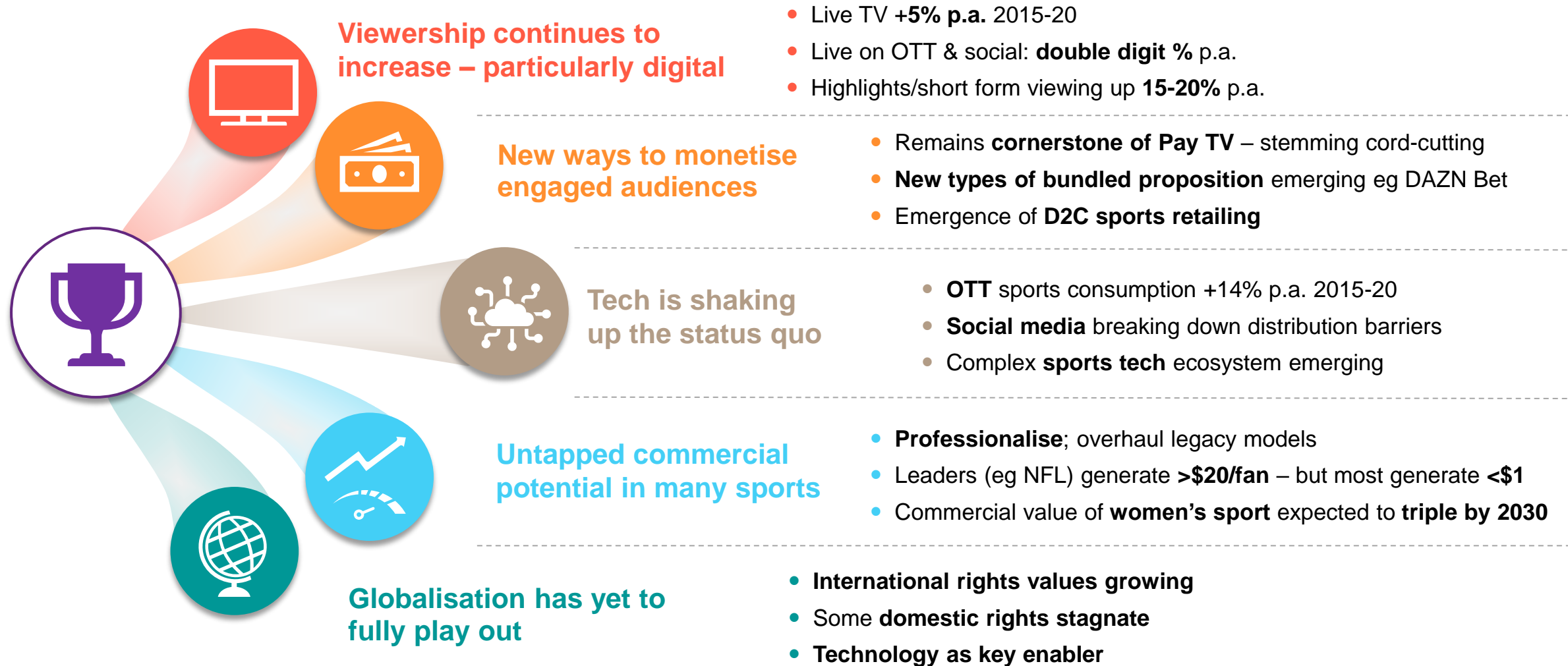
Growth Hotspots

- 'Must Watch' Top-Tier Leagues**
- Gaming, Gambling & eSports**
- Sports Streaming & OTT**
- Innovative Retail Models**
- Sports Technology & Data**



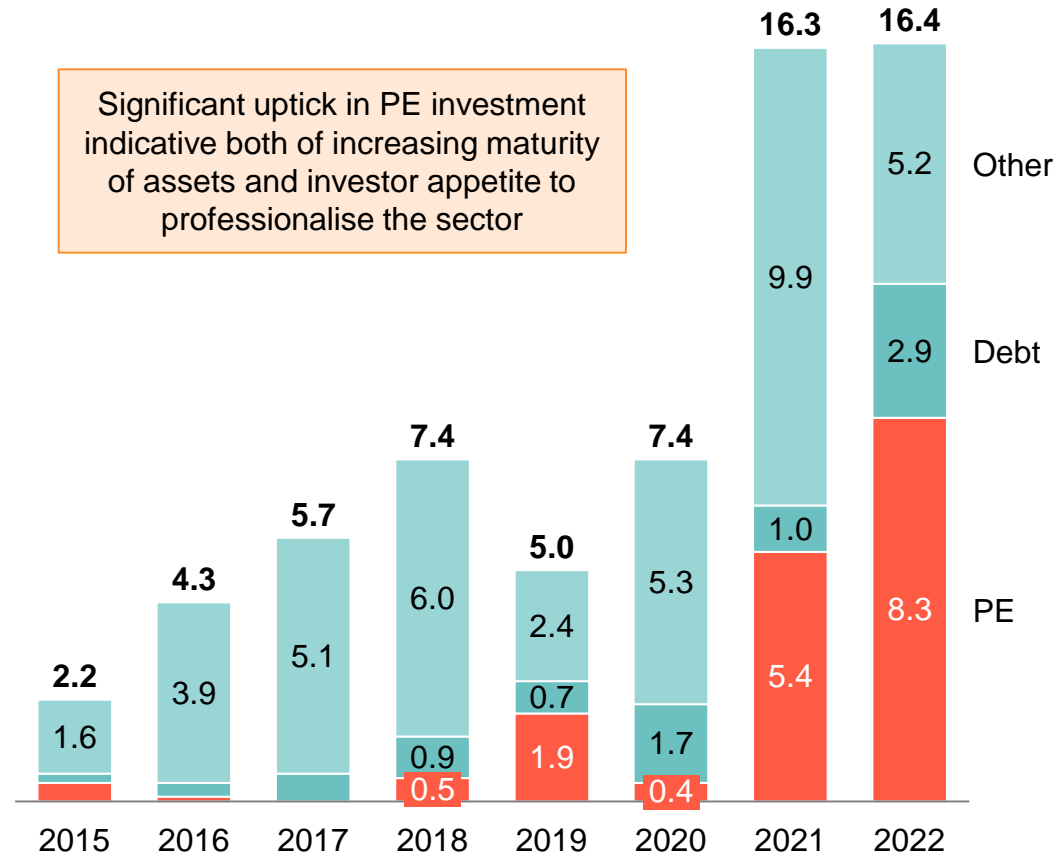
Favorable underlying market tailwinds and investments in technology and data are driving commercial value

Macro Trends in Sport



These dynamics, along with several attractive investment characteristics, have driven a step change in the level of investment in the sector

Est. Value of Sports Investments,¹ 2015-22 (\$bn)



Significant uptick in PE investment indicative both of increasing maturity of assets and investor appetite to professionalise the sector

Attractive Characteristics of Sports Investments

Loyalty Translates to Spend	<ul style="list-style-type: none"> Fans are immensely loyal... ...driving significant spend (up to \$2.6k² per fan in the US)
Cash Generative & Acyclical	<ul style="list-style-type: none"> Media / sponsorship rights deals are long-term contracts, reducing cyclical Fans often view sport as a necessity, not a luxury
Strong Returns	<ul style="list-style-type: none"> Big 3 US franchises (MLB, NFL, NBA) have outperformed equity markets since 2010³ Value of top⁴ European football clubs grew 174% 2011-22 vs 30% for the FTSE 100

1. OC&C best estimate. Includes deals \$5m+ only. PE (Private Equity) includes individuals making investments. 'Other' primarily refers to early-stage seed funding and VC

2. OC&C estimate of spend on sports subscriptions, licensed merch, tickets, gambling and sports apparel per self-declared sports fan

3. Source: Forbes. Refers to total valuation of all MLB, NFL and NBA franchises indexed vs the S&P 500 and the Dow Jones

Source: Crunchbase, Forbes, Desk Research, OC&C experience & analysis







4. Top 15 defined based on 2022 valuation according to Forbes; 2011 valuation estimates also sourced from Forbes



Six areas where we expect to see M&A activity in the next 2 years

Investment Areas

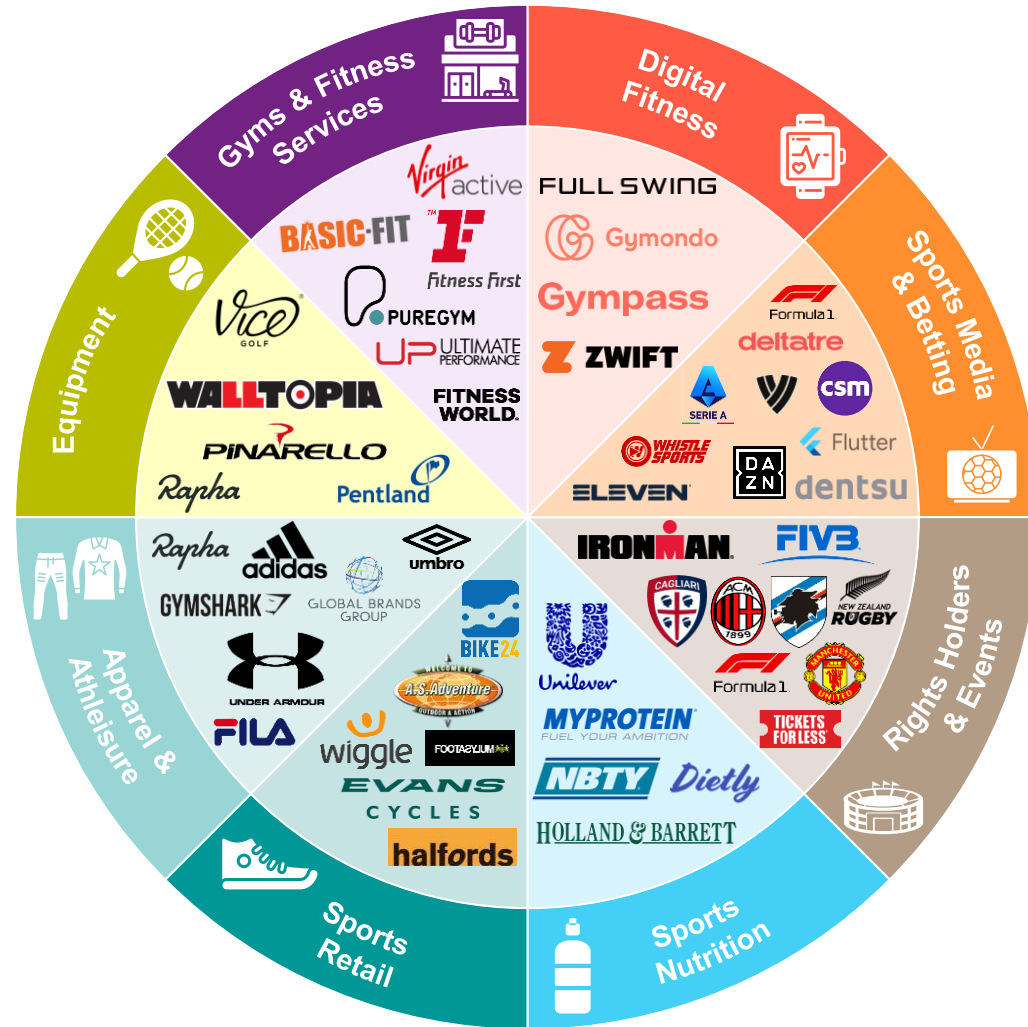
Not Exhaustive

Asset Types	Recent Activity	Reasons to Believe	Potential Challenges
Top-Flight Clubs		<ul style="list-style-type: none"> • OTT-driven rights value growth • Potential D2C upside • International opportunity 	<ul style="list-style-type: none"> • Uncertain long-term picture for rights • Achieving D2C ambitions • Performance risk can be significant
'Must Watch' Tier 1 Leagues & Competitions		<ul style="list-style-type: none"> • As above, with less performance risk 	<ul style="list-style-type: none"> • As above (less performance risk) • Complex 'political' tensions (leagues and clubs)
Under-Commercialized Tier 2/Niche Assets		<ul style="list-style-type: none"> • Often under-managed and under-professionalised – significant upside 	<ul style="list-style-type: none"> • Slower growth in rights value vs tier 1 • Fan numbers over-inflated and tough to activate
Innovative Sports Retail		<ul style="list-style-type: none"> • Disruption of traditional retail models → upside for platforms and rightsholders 	<ul style="list-style-type: none"> • Contract risk – high concentration, low liquidity
Sports Technology		<ul style="list-style-type: none"> • Secular trend towards digitisation • Insulated from risk around performance and discretionary spend 	<ul style="list-style-type: none"> • Landscape evolving – hard to bet on winners • Fragmentation – many businesses trying to solve the same problems
Sports OTT Platforms		<ul style="list-style-type: none"> • OTT transition well underway – attractive to consumers given lower prices, no hardware, no forced bundling 	<ul style="list-style-type: none"> • Intense competition to 'own the fan' • Economic model unproven – lower prices, high churn, costly rights

OC&C's experience in sport spans the entire ecosystem

Not Exhaustive

OC&C Clients & Assets Reviewed



Example Project Experience

- 1 Commercial strategy development for National Sports Association & Team** – Developing commercial priorities across all revenue streams
- 2 Domestic & international fan segmentation for Sports Association** – unpicking drivers of affiliation & engagement
- 3 Commercial strategy battle planning for global sports body** – developing new commercial structures and responsibilities in complex stakeholder environment
- 4 OTT strategy review for pureplay broadcast provider** – reviewing economic potential of OTT content for different sports & geos
- 5 Development of content and activation strategy for major sports entity** – profiling types of content and modes of interaction for distinct fan segments

If you'd like to discuss these topics further, we'd love to hear from you!



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