THEMATIC RESEARCH

A REAL GAME CHANGER

Sports Investing in the Digital Age

Fall 2024

In a fractious, increasingly divided world, few things bring people together quite like sports. And 2024 has provided a tremendous demonstration of this power, from the T20 Cricket World Cup and the Copa America tournament to the UEFA European Championships and the Paris Summer Olympics. More than 9 million people attended the Summer Olympics in person, and it drew billions of viewers worldwide.[1]

In fact, sports is emerging as ideal content for the digital age. In an entertainment landscape that is fragmented with digital platforms providing gaming, movies and TV series on demand, live sports events are still among the most-watched programming in many countries around the world. Almost 5 billion people – 60% of the planet – viewed tournament content of the 2022 FIFA World Cup in Qatar over an array of platforms and devices, for example.[2] Women's sports are also reaching new heights of popularity: the FIFA Women's World Cup in 2023 drew a record global audience and saw an 80% increase in viewership from 2019.

With the entry of digital behemoths like Netflix, Rakuten and Amazon into sports broadcasting, professional leagues and teams have found a new source of revenue – as well as opportunities to grow their sport in new places. At the same time, institutional investors are increasingly turning their attention to professional sports. And valuations for teams have grown rapidly, reflecting both the new revenue streams *and* the ownership interest from a new class of buyers. Indeed, the interconnection between sports and digital platforms is reshaping the business of sports leagues and opening a new realm of possibilities for them.

Investors need to recognize that opportunities go well beyond the headline-grabbing ownership stakes in trophy teams, and that sports investment offers a broad array of risk-reward propositions. To help investors understand this breadth, we first lay out the key drivers reshaping professional sports. We then turn to some overlooked areas of sports ownership before touching upon the credit opportunities in public and private markets as well as other aspects of sports investing.

THREE TRENDS DRIVING SPORTS

1 Generating more scoring opportunities: Sports leagues going global

Sports may be one of the last entertainment segments to embrace "globalization" – with super leagues like India's Premier League cricket and the US's National Football League (NFL) deriving more than 95% of their media rights revenue from domestic broadcasts.[3] The potential for growth of sports leagues in new markets may be best illustrated by comparisons with other kinds of entertainment. Hollywood movies, for example, routinely earn more than half of their box office outside North America.[4] And prominent singers such as Taylor Swift generate billions in economic activity across Europe and earn a sizable chunk of their ticket sales abroad.[5, 6]

Perhaps the best example of a sport going global is Formula One (F1) which holds its 24 annual races in 21 countries on five continents. As a result, it has built an immense global following and attracts over 400 million TV viewers annually. Looking to replicate at least some of this global success, sports leagues are expanding their geographic footprints. For example, the International Cricket Council chose to play 16 of the 55 matches in its Men's World Cup in the US – a country with little history of playing or watching cricket – to build the game there.[7, 8]

Increasingly, sports leagues in Europe and the US are also using streaming platforms to push into new regions and expand their potential audiences. English Premier League (EPL) matches have been available over digital streaming sites in the US for several years and now attract more viewers than any other soccer league in the United States.[9] Additionally, with live broadcasts to Asia – including China, Japan and Korea – for over a decade, the National Basketball Association (NBA) has built a loyal fan base there. In fact, a quarter of Chinese adults today describe themselves as "avid fans."[10, 11]

Broadcast revenue outside of a home market can also be a growing share of total revenue. The EPL currently earns more from overseas broadcast rights, for example, than it does from domestic rights.[12,13] Indeed, more teams and leagues are even *playing* games in different countries to build up interest in their game. The NFL and Major League Baseball (MLB) now routinely play actual games (not merely exhibitions) in the UK, Brazil, Germany and Mexico.[14, 15, 16]

2 Excellent team chemistry: Sports and digital platforms

It wasn't long ago that gaming, movies and TV shows were separate and discrete segments of the entertainment landscape with little overlap. Today, digital platforms like Amazon, Tencent and Netflix can be the sole source of entertainment to all demographics and all members of a household. It is clear video game arcades, linear TV and movie theaters are among the losers in the shift to digitized entertainment. What is often overlooked, however, is that sports has emerged as a clear winner in this new digital realm.

16 BILLION

IN 2023, A SINGLE SPORTING EVENT – THE ICC MEN'S CRICKET WORLD CUP – REGISTERED 16 BILLON VIEWING HOURS GLOBALLY.

No content draws the kind of loyalty and engagement that sports does. The two most followed accounts on Instagram, for example, are superstar footballers Cristiano Ronaldo and Lionel Messi – who each have more than 500 million followers.[17] Furthermore, in 2023 a *single* sporting event – the ICC Men's Cricket World Cup – registered a staggering *16 billion* viewing hours (*one trillion* viewing minutes) from global viewers over the course of the tournament – the equivalent of over a month's worth of global Netflix viewing.[18, 19]

Women's sports are also gaining momentum and drawing record numbers of fans and viewers. For example, the Women's National Basketball Association – a US professional league – is hitting new highs for live spectators and viewing audience.[20] In the UK women's teams often play in smaller stadiums and arenas than their male counterparts. However, the Women's Super League Arsenal team sold out Emirates Stadium last season for some of their matches and will play most of their home games there next season.[21, 22]

Indeed, sports and digital platforms are highly complementary and benefit each other in many ways. Digital platforms are critical partners for sports leagues looking to expand their fan base in new regions and reach a younger audience. Indeed, in their recent media broadcast negotiations, the NBA spurned a matching bid from TNT – a long-time linear TV broadcast partner – in favor of Amazon's Prime Video platform.[23, 24] And digital platforms are pushing the envelope of broadcasting by offering sports viewers new features and advanced analytics similar to data that teams and coaches review when considering their in-game strategy.[25]

In many ways, sports is ideal content for the digital age (Exhibit 1). Digital platforms can use sports content to drive customers to other businesses on their platform. For example, because of their "closed-loop" system, Amazon's Prime Video can show targeted ads for sports merchandise and offer QR codes during the game broadcast to viewers based on their demographics. Those ads, according to Amazon, result in 80% more purchases than traditional static ads and those QR codes can drive sales on Amazon's own website.[26]

Furthermore, for digital platforms looking to grow subscribers and introduce more advertising onto their sites, sports offers something movies and TV series do not – unique, event-driven programming that reliably draws viewers and naturally accommodates ads without diminishing the viewing experience.

Sports also offers a perennial, fresh source of content with each new season – unlike TV and movie series which need new production annually and can lose appeal over time. Also, special sporting events – the World Cup or the Olympics – routinely draw billons of viewers worldwide and reliably deliver enormous audiences to advertisers and sponsors.

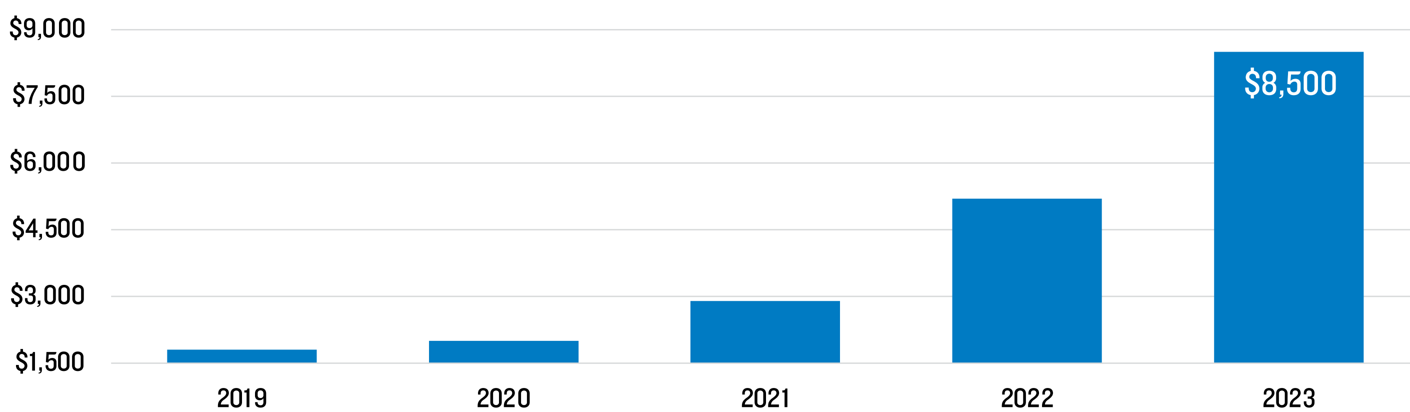
Moreover, sports are the original reality television and attract more than hard-core fans. The Netflix docuseries *Drive to Survive* is credited with a boom in F1 interest in the US – as well as globally among women.[27, 28] The NFL-inspired series *Quarterback* was not only the top show on Netflix in the US, but also made the top 10 in Switzerland, Canada and Ireland.[29] Following its success with this series, Netflix agreed to produce additional NFL-themed programming. Furthermore, Netflix – which has gotten its global audience hooked on Korean dramas – plans to give many of its 270 million subscribers a first taste of American football on Christmas Day as it broadcasts NFL games on its platform.[30]

3 Turning professional: Sports ownership draws institutional investors

Today, globally-prominent sports franchises are owned by foreign investors. For example, leading European football clubs like Paris Saint-Germain in France and the UK's Manchester City have been owned by sovereign wealth funds from Qatar and Abu Dhabi, respectively, for over a decade.[31] But that has not always been the case.

Before the 2000s, owning a professional sports team, especially in the US, was typically a vanity project for a local wealthy individual that propelled anonymous business tycoons into the public spotlight. Owners of professional teams were often "superfans" and few owned more than one professional sports team. Typically, ownership remained in the family and was passed down to future generations. A

Exhibit 1: Professional sports is going digital
Total spending on sports broadcast rights by global digital platforms (US$ Million)



Source: Ampere Analytics, as of July 2024.

prominent example of this is ship building magnate George Steinbrenner, who bought the New York Yankees baseball team in 1973 for roughly $10 *million*. After launching its own TV sports network and building a new stadium, the team – today owned and run by George's children – is now valued at nearly $8 *billion*.[32]

The unique attributes of sports and how complementary they are to digital platforms are driving yet another surge in team valuations. The potential for further growth and monetizing the unique IP that sports offers has driven a new kind of investor into sports ownership – namely, institutional investors like private equity (PE) firms. Globally, these PE investors range from Red Bird Capital Partners and Clearlake Capital to Fenway Sports Group and CVC. [33] Many of these investors have multiple minority ownership stakes across different countries or sports. In fact, in 2022, there were 180 football clubs worldwide that were part of a multi-club structure – compared to fewer than 40 a decade earlier.[34]

While multi-club ownership has been a feature of European football for decades, it has accelerated recently. This is especially apparent across Europe's top five football leagues – Spain, France, Italy, Germany and England. In 2018, teams in these leagues received roughly €67 *million* in financial backing from PE, venture capital (VC) or private credit firms. By the end of 2022, investment from professional investors had surged to almost €5 *billion* and spanned more than a third of the teams in those leagues. (Exhibit 2) Today, more than 40% of clubs in the top five European football leagues are linked to multi-club owners.[35]

From the leagues' perspective, new investors are a welcome prospect. Perhaps even more financially compelling than the growing future cash flows from merchandising and broadcast rights, leagues recognize the advantageous supply-demand factors at play – a relatively fixed number of professional teams means higher valuations as demand for ownership broadens and increases.[36]

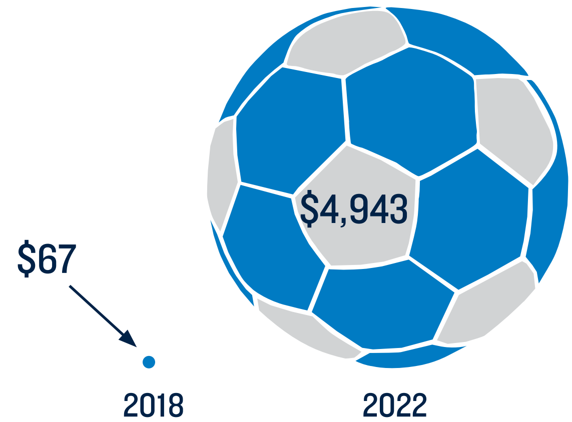
Ownership stakes in professional teams can be very illiquid investments. For team owners seeking liquidity or diversification, the passive minority investments of institutional investors allow them to easily gain cash without losing control. Furthermore, with high-profile teams routinely valued in the billions, the set of individual investors who can write a $200 million check for an illiquid minority stake is not very large. By contrast, institutional investors may have access to larger pools of capital.[37]

Compared to their European counterparts, multi-club ownership is just getting underway in US sports leagues. In 2019, MLB became the first North American sports league to allow passive ownership stakes by institutional funds. In the summer of 2024, the NFL became the last league to approve minority and multi-club ownership from pre-approved PE funds.[38, 39] Now every major US sports league allows for between 10% and 30% minority ownership stakes from institutional investors.[40]

The surge in institutional ownership of teams has generated considerable backlash and protests from fans who see the investment-minded ownership as being at odds with their interest and team success.[41, 42] For example, several private equity bidders for the broadcast rights of Germany's Bundesliga withdrew their bids after facing public protests and in-game disruptions from fan groups.[43] Ultimately, the German league itself voted to reject a €1billion investment in the league from PE firms.[44, 45]

Additionally, ownership by foreign investors can sometimes raise concerns around "sportswashing." That is, using sports ownership or sponsorship to redirect public attention away from unethical conduct or practices elsewhere.[46] Sportswashing can also involve hosting major international sporting events, which provide an ideal opportunity for reputational enhancement because of their immense popularity as well as the emotional nature and loyalty associated with sports fandom.[47]

Exhibit 2: Growing involvement from institutional investors
Total investment by PE, VC and private credit firms in Europe's top-five football leagues (US$ Million)



Source: Pitchbook.
Note: Top five leagues refers to Spain's La Liga, England's Premier League, France's Ligue I, Italy's Serie A and Germany's Bundesliga.

INVESTMENT IMPLICATIONS

For investors trying to make sense of the shifting dynamics of the sports landscape, it is critical to look past the headline-grabbing investments of top-tier teams by PE firms. Indeed, the new sports landscape offers savvy investors a rich set of opportunities that go well beyond these headlines (Exhibit 3).

1 Finding value in a challenging landscape: Equity ownership in sports teams

The investor base for sports teams continues to expand – especially in the US where most major sports leagues now allow a select group of PE firms to own minority stakes in multiple teams. In fact, minority ownership stakes in teams have become much more commonplace, representing 45% of global sports deals and nearly 60% of sports deals in the big four US sports leagues.[48]

Professional sports teams generally have three different sources of income: (i) broadcast rights including their share of league-wide, national (or international) rights as well as local broadcast rights; (ii) revenues from the live sporting events including tickets, team and stadium advertising / sponsorships, merchandise and food, and (iii) revenue derived from other ancillary businesses related to the arena or stadium, media and other operating assets.

The mix of these revenue sources can vary widely. For example, in the US national broadcast rights make up about 65% of NFL team revenues but less than 20% for MLB teams. Meanwhile tickets and sponsorships comprise about 60% of MLB team revenue but only about 30% for NFL teams.[49]

As an investment, given the tailwinds of digital expansion and trajectory of rising broadcast fees, sports teams offer the prospect of a recession-resilient growth asset that is broadly uncorrelated with stocks or bonds. Indeed, for the last 20 years, the value of an ownership stake in US professional

60%

MINORITY OWNERSHIP STAKES IN TEAMS REPRESENT 45% OF GLOBAL SPORTS DEALS AND NEARLY 60% OF SPORTS DEALS IN THE BIG FOUR US SPORTS LEAGUES.

Exhibit 3: Investment Opportunities Across the Sports Landscape

SEEKING VALUE IN TEAM OWNERSHIP

- Up-and-coming sports and leagues
- Women's sports growing rapidly and gaining momentum

PUBLIC & PRIVATE DEBT OPPORTUNITIES

- Challenges with lending to sports owners
- Opportunities lending to teams and leagues
- Accelerating opportunities in motorsports
- Stadium financing

VARIED LANDSCAPE IN SPORTS BETTING

- Mature markets in Europe
- Growth markets in the US
- Regulatory risks

OFF THE FIELD & ONTO THE SCREEN

- Video game versions of real-life sports
- eSports – competitive video gaming

teams has outperformed the S&P 500 (Exhibit 4).[50] Additionally, many US sports leagues have rules that limit the debt of teams so they also may offer lower leverage than the broad equity market.

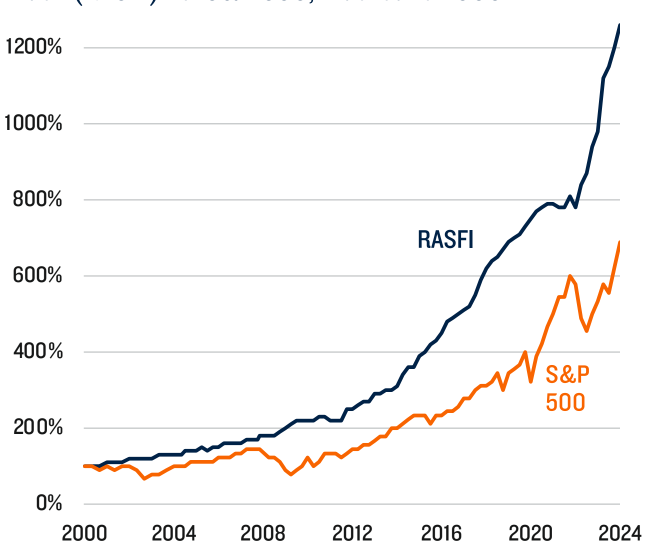
For team owners, one of the largest risks is "relegation risk" where a team at the bottom of the standings in the top division of a European league is assigned to a lower division of play – resulting in a significant drop in revenue. Minority ownership in multiple top-tier teams offers some diversification from this risk. Likewise, minority stakes owning multiple teams in lower divisions increase the odds of a team being promoted to the top division and seeing a commensurate increase in revenues.

Another kind of multi-club ownership strategy involves controlling ownership of multiple clubs – often teams at various levels of the same sport or league. In this strategy, the second and third division teams act as developmental teams where younger talent can play competitively and develop. Players at this level who reach their full potential can then be acquired by one of the affiliated teams in higher divisions.[51]

Significant challenges for equity investors

While ownership of a pro sports club has some attractive features for investors, it offers significant challenges as well. For starters, access to investment funds with multi-club ownership is not always easy. In the US, for example, only a handful of funds are permitted to own multiple stakes in the same league – and only one is allowed to do so across leagues.[52]

Exhibit 4: Team valuations have outpaced equities
Europe's Growth of Ross-Arctos Sports Franchise Index (RASFI) vs. S&P 500, indexed to 2000



Source: University of Michigan, as of July 2024.
Note: Franchise valuation for NFL, NBA, MLB and NHL; S&P 500 total return.

Outside the US, access to team ownership may be easier and multi-club ownership is much more common with more than 200 professional football teams in Europe involved in cross-investment relationships.[53, 54] However, UEFA – football's governing body in Europe – has raised concerns about potential competitive integrity and financial fair play issues, and there are growing prospects for further regulations around multi-club ownership.[55, 56]

Furthermore, for equity investments, the entry price is critical. This presents another challenge for sports investors now looking to enter the segment. Sports valuations have soared in the wake of the pandemic as a swarm of US PE firms, Middle Eastern sovereign wealth funds and other trophy-hunting investors raced each other to own a stake of the world's most coveted sports brands and teams. Indeed, it is unclear how much of the upside from digital platforms and a new investor base remains – especially in valuations of top-tier teams. There is growing sentiment that prices for these teams may be stretched already with prominent sports investors voicing concerns that valuations are frothy and may be "a bubble".[57]

Up-and-coming sports and leagues may offer attractive entry points and growth opportunities

The trends sending team valuations soaring in European football, the NBA and the NFL are impacting less prominent sports as well. And these up-and-coming teams and leagues – many of which are at an earlier stage of their global and digital expansions – may offer equity investors robust growth opportunities and better entry points.

Mixed martial arts, for example, is gaining popularity globally through the Ultimate Fighting Championship (UFC) and Professional Fighters League (PFL) – with top fights drawing millions of viewers.[58] And some fight leagues – like the UFC – have their own subscription-based digital platforms to monetize their content.[59] Endeavor is a publicly traded sports and entertainment company that owns the UFC, World Wrestling Entertainment (WWE) and Euroleague basketball as well as some sports betting and brand licensing. It can provide investors with exposure to a growing segment of the sports landscape.

Horse racing is another niche sports segment that may offer attractive investment opportunities. Churchill Downs, for example, is the name of the racetrack that hosts the prestigious Kentucky Derby. The publicly traded company by the same name offers investors a sports proposition that combines live sports events, gaming and betting. In addition to hosting the prominent horse race annually, Churchill Downs offers investors other revenue streams. With targeted capital investment in premium facilities, the racetrack now offers extensive super-luxury accommodation – including $1,000 cocktails and $12,000 club tickets – for its events including the Derby.[60, 61] The company also has a license to own and operate gaming machines as well as casinos in several states and draws year-round revenues from that activity as well. Additionally, they own the prominent Twin Spires online betting site that caters to horse racing fans.

Women's sports growing rapidly and gaining momentum

Women's professional sports are seeing a surge in popularity and fan interest globally.[62] With many women's professional leagues at an earlier stage of growth than their male counterparts, top teams in these leagues may offer high growth opportunities at attractive entry points.

Elite women's sports are projected to surpass $1 billion in total revenue in 2024 for the first time – roughly 300% higher than 2021.[63] North America and Europe are the largest geographical markets while soccer and basketball are projected to be leaders in revenue.[64] Top European football clubs, for example, are seeing annual revenue growth above 50%.[65] Additionally, popularity in the UK's Women's Super League (WSL) has also soared to new heights following the national team's victory at the UEFA Women's Euro 2022.

In the US, the WNBA has seen both viewership and game attendance reach record highs. The entry of new, young players like A'ja Wilson and Caitlin Clark has been behind much of this growth.[66] And the WNBA recently saw their annual broadcast rights grow three-fold from $60 million to nearly $200 million.[67] The upward trends in popularity and revenues for women's sports is only beginning to be reflected in valuations with several teams expected to top $100 million in 2024.[68]

$760 MILLION

IN 2023 THE METRO NASHVILLE SPORTS AUTHORITY ISSUED $760 MILLION IN BONDS OVER TWENTY YEARS TO BUILD A NEW FOOTBALL STADIUM.

2 An unexpectedly strong lineup of debt opportunities

Challenges with lending to sports owners

While equity ownership in sports teams get much attention, lending to these new owners may not be attractive. As the price tag for professional teams soars, there are fewer and fewer individuals and families capable of writing an enormous check for billions of dollars, and new owners turn to public or private debt markets for financing. This kind of high-leverage lending to new owners – especially those with little experience in operating and managing sports clubs – comes with significant risk. The case of Italian football giant Inter Milan – the only Italian football club to have *never* been relegated since the league began in 1929 – offers a cautionary tale.

Suning Holdings first took a controlling ownership stake in the prominent football club in 2016. The COVID pandemic was a blow to the finances of the team and in 2021 the owners took out a €275 million emergency loan package against their ownership stake. Despite success on the pitch – Inter won Italy's Serie A league in 2024 and have been annual participants in the UEFA Champions League since 2019 – the Chinese family behind Suning Holdings could not shake their own financial struggles and defaulted on this emergency debt and lost control of the team.[69]

Scoring opportunities lending to sports teams and leagues

While lending to new, inexperienced owners at elevated valuations may be problematic, financing other aspects of the business can be attractive for debt investors. Lending against the contracted broadcast rights of a team or league is one example. Investors can access these debt opportunities through public debt markets, the broadly syndicated loan (BSL) market as well as private credit.

Unlike real assets, sports broadcast rights do not depreciate and lending against them offers attractive features. For example, multi-year broadcast contracts provide an ongoing, predictable stream of revenue that does not diminish over time like rents in a high-rise building. In fact, broadcast fees have had an *upward* trajectory for a decade (Exhibits 5A and B). Furthermore, top teams have strong brands, as well as large and loyal fan followings that tend to remain steady through economic cycles.

Inter Media – the operating subsidiary that owns the media, broadcast and sponsorship rights of Inter Milan football club – provides an illustrative example of these credit opportunities. Inter Media's publicly issued bonds offer several features and structures that make them especially attractive for borrowers. They are backed by the IP and most valuable revenues of the team. Additionally, these bonds offer a senior debt position, and the borrowing entity *directly* receives the broadcast and sponsorship rights fees of the team. These fees make up more than 80% of Inter Media's revenue.[70] Only after bond holders receive their payments is money then passed through to the wider Inter Milan business to fund its operations. It is interesting to note, even with the blaring headlines of Suning Holdings defaulting on its debt, the bonds of Inter Media did *not* trade with any significant discount.[71]

In the US, a range of sports leagues – the NFL, NBA and MLB – tap into private credit markets. Individual teams can also borrow against their share of future rights payments. The NFL – the league with the largest broadcasting fees – allows teams to borrow up to $600 million this way.[72] Aside from the attractive features of broadcast rights as collateral, these loans may also offer lenders some provisions in the case of a player strike or lockout by the owners. And some private market loans may offer long-term investors durations of up to 25 years.

Accelerating opportunities in motor sports

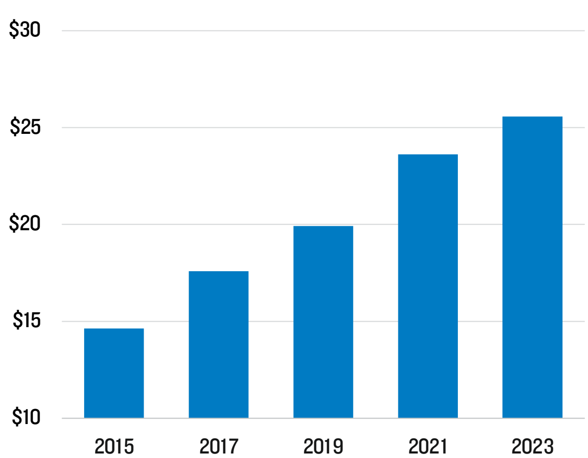
European football pitches are not the only areas of opportunity – motorcycle and auto racing also offer intriguing potential for investors in the BSL market. Liberty Media owns the broadcast and sponsorship rights for Formula 1 auto racing, and their debt is syndicated in the BSL market. Aside from having a strong and truly global brand, the audience for Formula 1 broadcasts is especially appealing to advertisers for several reasons: they are geographically diverse, skew younger than other sports, and females are growing in share – especially after the Netflix docuseries *Drive to Survive*. Additionally, with several major contracts in place through 2027 or beyond, their broadcast revenues project to be quite stable. Furthermore, F1 can see some near-term growth in broadcast fees – interest in the US is on the rise as that contract comes due in 2025 – as well as through new and renewed sponsorships with global tech firms (e.g., Lenovo, Salesforce and Tata).

Auto racing is not the only motor sport that can be appealing for debt investors. Dorna Sports owns the broadcast and sponsorship rights to several high-profile motorcycle racing events including MotoGP, the FIM Superbike World Championships and the FIM MotoE World Cup. It also issues debt in the BSL market. Dorna's businesses offer several key features for debt investors including stable and predictable cash flows from multi-year contracts with key sponsors and over 70 broadcast partners. Dorna also has some upside by sharing in revenues from premium and luxury seating at its races.

Stadium financing through public and private markets

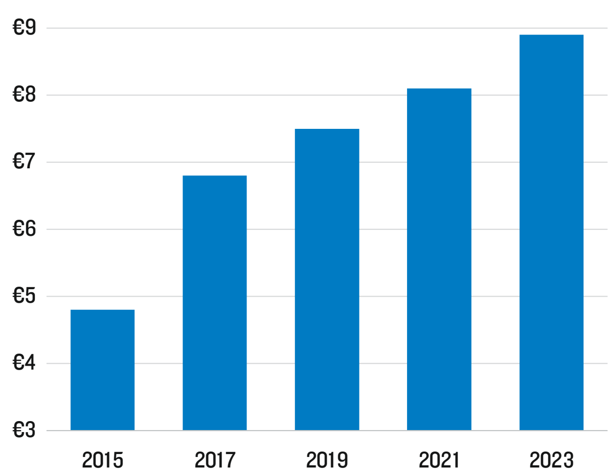
As new ownership takes over, they often seek to establish new revenue streams to drive more value from their investment. To this end, investing in a new stadium – or modernizing an existing one – can open up diverse revenues and events. Loans supported by direct streams of revenue from a new or renovated stadium can be intriguing for credit investors.

Exhibit 5A: Rise in US sports broadcasting rights
Total broadcasting revenue for all US sports (US$ Billion)



Source: S&P Global Market Intelligence, as of July 2024.

Exhibit 5B: Rise in European soccer broadcasting rights
Total broadcasting revenue of top 5 leagues (€ Billion)



Source: UEFA Club Licensing Benchmarking Report 2022/23, as of July 2024.

In the US, cities and states often help to finance stadium construction and renovations as a means of economic development for that area of a city. US municipalities can issue bonds for these projects and garner special tax exemptions, which make them attractive for potential investors and lower borrowing costs for construction. So-called "stadium bonds" are a niche part of the roughly $4 trillion municipal bond market in the US.

Typically, cities create a special purpose authority to issue the stadium bonds on a tax-exempt basis, and these special purpose companies can have direct revenue streams either from the teams occupying the stadiums or through special taxes and fees on economic activity that takes place in or around the stadium. Credit ratings on stadium bond issuances can range from AA to C – depending on the size and durability of revenue sources for the issuer. For investors, dedicated and direct revenue streams voted into existence by legislators to support this debt can offer attractive collateral for loans.

For example, in 2023 the Metro Nashville Sports Authority issued $760 million in bonds over twenty years to build a new football stadium. The bonds were backed by two special sources of revenue voted in by the local legislature: a citywide hotel tax and an 8% sales tax on all sales within the stadium. Dedicated sources of revenue like these can be attractive features for stadium bond investors.

Private credit opportunities

Private credit markets offer additional stadium financing possibilities. In the US, for example, cities and states also tap private credit markets for stadium construction or renovation. Many European football clubs own their own stadium and some partner with investors to finance new construction or renovation in private credit markets. The new or refurbished stadiums often offer new streams of revenue – from luxury suites and premium seating to high-end concessions and in-stadium experiences. Additionally, new, ultra-modern stadiums like Tottenham Hotspur Stadium in London or Estadio Santiago Bernabeu in Madrid can draw additional revenues by hosting different kinds of events, ranging from NFL games to Taylor Swift concerts.[73, 74]

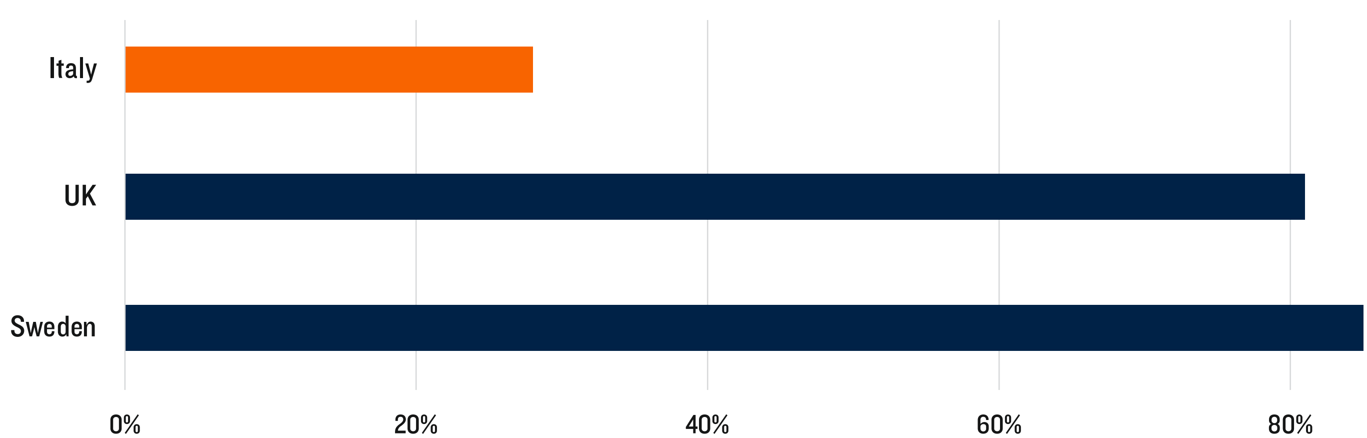
3 Rookies and veterans: Early-stage and mature markets for sports betting

The global market for sports betting is estimated to be over $80 billion as of 2022 and forecast to double in size by 2030. Online betting in new countries – especially the US – is driving much of the growth.

For investors looking to explore sports betting markets, the landscape varies sharply by region. In Europe, sports betting is a mature industry and regulation is steep. Consumer protection laws in Europe place tight limits on bonuses that can be earned and losses that can be rolled. The UK market has seen additional consumer protections as well. This has led to consolidation in the sector, and "veteran" players like Entain, bet365, 888 and Flutter Entertainment remain prominent in the UK market.

Margins for online betting are higher than for in-person betting venues. In Europe, the growth opportunities lie in increasing online penetration where it remains relatively low today. While Italy is the largest gaming market in Europe, its online gaming penetration lags significantly behind its peers in other European countries (Exhibit 6).[75] Lottomatica

Exhibit 6: Italy has lower online penetration than its peers
Online betting and gaming revenue as a share of addressable market



Source: Lottomatica, as of July 2024.
Note: Revenue refers to gross gaming revenues (GGR: Total amount wagered – winning payouts).

is an Italian company involved in online betting and mobile gaming that is well positioned to capture these online growth opportunities.

By comparison, sports betting in the US is still being legalized one state at a time and is full of "rookies." This early phase of the market in the US offers growth potential and many players are aggressively competing for customers. The regulatory landscape is currently less restrictive than in Europe and competition for new bettors is fierce with betting companies offering generous bonuses to new players. FanDuel (owned by Flutter Entertainment) and DraftKings captured first-mover advantages and together have roughly 80% of the market (45% for FanDuel and 35% for DraftKings). In the emerging US sports betting landscape, several smaller players are still in a loss-making phase as they aggressively compete for share and for customer loyalty.[76]

While growth in the US is promising, the regulatory environment is especially unstable and a tangible risk for investors. State governments are contemplating hefty tax increases on betting operators. For example, Illinois raised the tax rate on top-line revenues from a flat 15% to as much as 40% for the largest operators.[77] A tangible example of how the regulatory uncertainty impacts investors is the 11% and 7% one-day plunges in the stock prices of DraftKings and FanDuel, respectively – even before the law was voted on.[78]

For investors, a company like Flutter Entertainment may offer an intriguing combination of mature and growth markets. It is geographically diversified with scale in Europe and among the leaders in the US, has lower leverage relative to its peers, and its stable cash flows in Europe and the UK may offset a wider range of outcomes in early-phase markets in the US.

4 Off the field and onto the screen: Video games and e-gaming

With an estimated 3.3 *billion* players worldwide in 2023 and $180 billion in revenue, the global gaming market is certainly more than child's play.[79] Regionally, the US and China account for about half of global revenue for the industry, and mobile and online games are the fastest-growing segment (Exhibit 7).[80, 81]

Video games

Video game versions of real-life sports are a source of revenue that simply did not exist 30 years ago. And some of the licensing deals with video game manufacturers can be quite lucrative for leagues and players.[82] The NFL, for example, has a five-year contract with Electronic Arts (EA) that pays the league $1 billion and the players $500 million.

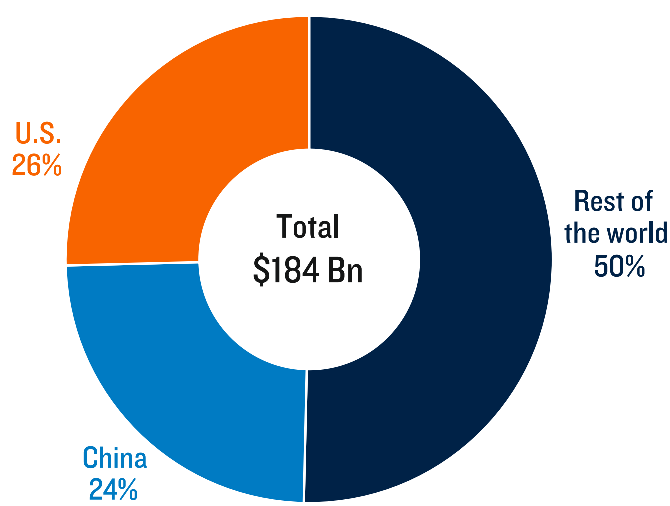
Overall, video games tend to cycle quickly in popularity and do not generate much ongoing loyalty among users; however, sports video games tend to be the exception to this. Well-established franchises like NBA 2K, FIFA and Madden NFL are typically among the top-selling games annually. EA's Madden NFL franchise has sold over 130 million games since its release in 1998.[83]

As licensing fees escalate, some video game producers opt to continue their game franchise *without* the official imprimatur of a sports league. In 2023, EA decided to drop its $150 million-per-year licensing arrangement with FIFA and continue production of its top-rated soccer video game. The lack of official FIFA branding does not seem to have hurt interest in EA's video soccer game – paid signups for the pre-release of the non-FIFA branded "EA Sports FC" were actually *higher* than the FIFA-branded version a year before.[84]

For investors, companies like EA with multiple established sports video games across geographical regions present a potentially attractive proposition. The loyalty to its games allows EA to maintain some leverage in licensing fee negotiations with leagues and provides some stability in cash flows. Furthermore, the growing mobile gaming segment offers better margins than console and PC releases.[85] In 2023, EA's FIFA game saw more that 110 million downloads globally – making it one of the world's most popular mobile games.[86]

Take Two is another video game maker with attractive characteristics for investors. They are the producers of the

Exhibit 7: 2023 Global gaming revenue



Source: Newzoo, as of July 2024.

3.3 BILLION

ESTIMATED NUMBER OF VIDEO GAME PLAYERS WORLDWIDE IN 2023

NBA 2K franchise as well as Grand Theft Auto – another highly successful game franchise – so it has a more diversified gaming portfolio. Take Two is a leader in online gaming and also has tremendous global reach – with more than 45 million registered online users for NBA 2K in China alone.

eSports

Compared to professional sports leagues, many of which launched over 100 years ago, competitive play of video games is a relatively new phenomenon and at an early phase of its growth. ESports – as this competitive video gaming is known – is characterized by regional or international video gaming events in which professional and amateur players compete against each other for prize pools that can top $40 million for a single tournament.[87] In some ways, it is the most accessible kind of competition, and people of all ages and skill levels can compete. Indeed, part of the appeal of eSports is that it blurs the lines between players and spectators.

Though accounting for less than 5% of total video gaming industry revenue, eSports is growing rapidly – nearly tripling revenues from $493 million in 2017 to $1.44 billion in 2023.[88] Today, with over 500 million viewers globally the main sources of revenue are advertising, sponsorship and media rights.[89] ESports is especially prominent in Asia – the 2023 Asia Games included official medal events for around seven different games for the first time.[90] In large markets like Japan, China and Korea, eSports is quite integrated into sporting life and on equal footing as traditional sports. In Japan, for example, 80% of high schools have eSports clubs that compete.[91]

Importantly, eSports attracts and retains a younger audience. The average eSports audience member is about 26 years old. For traditional sports leagues like the EPL, NBA and NFL, the average audience member is between 40 and 50 years old.[92, 93, 94] Indeed, the growth and momentum of this digital industry makes it attractive for international sports organizers. The International Olympic Committee has sanctioned the first Olympic eSports Games to be held in Saudi Arabia in 2025.[95]

ESports' ability to draw and monetize ever-larger, younger audiences is intriguing. However, the current eSports landscape poses considerable challenges. The market is highly fragmented with numerous small leagues that rise and fall in prominence. And, it has been difficult for eSports organizations to monetize successful players or its growing popularity.[96] Additionally, in China — the largest market for eSports — investors face an uncertain regulatory environment as the government bans certain video games and explicitly limits time spent by children on gaming.[97, 98]

For investors, digital platforms where online games are played may offer the best opportunities today. Korea is the second-largest market for eSports and prominent platforms like SOOP partner with eSports athletes, gaming events as well as publishers to offer users trendy games along with broadcasts of eSports events.[99] These digital platforms draw ongoing loyal followings – no matter what the current trendy games are – and can provide investors with exposure to the highly fragmented and volatile but growing space.

Additionally, NIP Group – which owns prominent Swedish eSports franchise Ninjas in Pyjamas – recently launched an IPO. The small company has some features that may make it attractive to investors. It is almost a pure eSports play and offers some diverse revenue sources – like event operations and talent management – beyond prizes from gaming tournaments.[100]

There is no question the digital age has altered the landscape for professional sports and attracted new capital as well as splashy headlines. For investors, it is important to look past the headlines to identify the best investment opportunities across the rapidly evolving sports landscape.

ACKNOWLEDGMENTS

PGIM gratefully acknowledges the contributions of the following individuals:

External Contributors

Damian Burchardt – Assistant Sports Editor, The US Sun
Vijaya Panangipalli – Head of Governance and EDI, Sport and Recreation Alliance

PGIM Contributors

Cheryl Akawie – PGIM Fixed Income
Daniel Brachfeld – Jennison Associates
Benjamin Bryan – Jennison Associates
Ines Charfi – PGIM Fixed Income
Thomas Gallagher – PGIM Fixed Income
Vito Galluccio – PGIM Fixed Income
Zachary Gill – Jennison Associates
Elizabeth Halpin – PGIM Fixed Income
Owuraka Koney – Jennison Associates
Aman Mahal – PGIM Fixed Income
John Maxwell – PGIM Fixed Income
Patrick Myers – PGIM Fixed Income
Benjamin Novick – PGIM Fixed Income
Engin Okaya – PGIM Private Alternatives
Nick Rubinstein – Jennison Associates
Joshua Shipley – PGIM Private Alternatives
Meagan Speight – Jennison Associates

Principal Author

Shehriyar Antia – PGIM

End Notes

1 Gruenwedel, Erik, "IOC President: More Than Half World's Population Following Paris Olympics," Media Play News, Aug. 5, 2024. https://www.mediaplaynews.com/ioc-president-more-than-half-worlds-population-following-paris-olympics/

2 FIFA World Cup Qatar 2022™ in Numbers, FIFA Publications. https://publications.fifa.com/en/annual-report-2022/tournaments-and-events/fifa-world-cup-qatar-2022/fifa-world-cup-qatar-2022-in-numbers/

3 "A Global Gold Rush Is Changing Sport," The Economist, July 25, 2024. https://www.economist.com/leaders/2024/07/25/a-global-gold-rush-is-changing-sport

4 Rascoe, Ayesha, "What the Pull of the Foreign Box Office Means for Hollywood," NPR.org, Jan. 8, 2023. https://www.npr.org/2023/01/08/1147737254/what-the-pull-of-the-foreign-box-office-means-for-hollywood

5 Nelson, Eshe, "The Taylor Swift Economy Has Landed in Europe," New York Times, June 21, 2024. https://www.nytimes.com/2024/06/21/business/taylor-swift-eras-tour-inflation-europe.html

6 Forde, Eamonn, "This Is What Happens to a Local Economy When Taylor Swift Comes to Town," Big Issue, June 6, 2024. https://www.bigissue.com/culture/music/taylor-swift-eras-tour-economy-swiftonomics/

7 Shafiq, Saman, "Everything to Know About 2024 T20 Cricket World Cup: Full Schedule, Matches, Tickets, Where to Watch," USA Today, June 1, 2024. https://www.azcentral.com/story/sports/2024/06/01/2024-t20-cricket-world-cup/73921104007/

8 Shafiq, Saman, "Cricket in America: Why the 2024 T20 World Cup Could Be a 'milestone for the Sport'," USA Today, May 31, 2024. https://www.usatoday.com/story/sports/2024/05/31/cricket-us-world-cup-2024/73897757007/

9 Sheldon, Dan, "How the Premier League Grew into the Biggest Soccer League in the United States," New York Times, Jan. 23, 2024. https://www.nytimes.com/athletic/5218686/2024/01/23/premier-league-united-states/

10 Saiidi, Uptin, "The NBA Is China's Most Popular Sports League. Here's How It Happened," CNBC, Nov. 20, 2018. https://www.cnbc.com/2018/11/20/the-nba-is-chinas-most-popular-sports-league-heres-how-it-happened.html

11 Burns, Mark J., "U.S. Sports Fandoms in China: Why the NBA Leads the Pack," Morning Consult Pro, Aug. 1, 2023. https://pro.morningconsult.com/analysis/us-sports-fandoms-china-nba

12 Harris, Rob, "TV Revenue: EPL Earns More from Overseas Rights for 1st Time," AP, Feb. 10, 2022. https://apnews.com/article/soccer-sports-business-premier-league-844353f33ef25768cb588fedfbfaff64

13 "Premier League Overseas TV Rights Will Top Domestic Rights for First Time in Next Cycle," New York Times, Feb. 10, 2022. https://www.nytimes.com/athletic/3511250/2022/02/10/premier-league-overseas-tv-rights-will-top-domestic-rights-for-first-time-in-next-cycle/

14 "MLB World Tour: London Series 2024," MLB.com. https://www.mlb.com/international/europe

15 "NFL Designates Teams to Play in London and Munich in 2024," NFL.com, Jan. 11, 2024. https://operations.nfl.com/updates/the-game/nfl-designates-teams-to-play-in-london-and-munich-in-2024

16 "Green Bay Packers to Play Philadelphia Eagles in Brazil," NFL.com, April 10, 2024. https://www.nfl.com/news/green-bay-packers-to-play-philadelphia-eagles-in-brazil

17 "The 10 Most Followed Instagram Accounts in the World in 2024," Forbes, Aug. 1, 2024. https://www.forbesindia.com/article/explainers/most-followed-instagram-accounts-world/85649/1

18 "Biggest Cricket World Cup Ever Smashes Broadcast and Digital Records," ICC Cricket.com, Dec. 27, 2023. https://www.icc-cricket.com/news/biggest-cricket-world-cup-ever-smashes-broadcast-and-digital-records

19 "What We Watched the Second Half of 2023," Netflix.com, May 23, 2024. https://about.netflix.com/en/news/what-we-watched-the-second-half-of-2023

20 Sullivan, Becky, "The WNBA, Capturing Excitement Around Caitlin Clark, Boasts More Viewers Than Ever," NPR.org, June 11, 2024. https://www.npr.org/2024/06/11/g-s1-3807/wnba-audience-ratings-attendance-caitlin-clark

21 De Roché, Art, "Arsenal Women to Play Majority of Home Matches at Emirates Stadium Next Season," New York Times, May 14, 2024. https://www.nytimes.com/athletic/5490434/2024/05/14/arsenal-women-emirates-stadium/

22 Serino, Nicole et al., "Turning Moments into Movements: Women's Sports Attendance and Viewership Soar Pre-Olympics," S&P Global, July 2, 2024. https://www.spglobal.com/en/research-insights/special-reports/turning-moments-into-movements-womens-sports-attendance-and-viewership-soar-pre-olympics

23 Adgate, Brad, "NBA New Media Rights Agreement Reflect the Growth of Streaming," Forbes, July 29, 2024. https://www.forbes.com/sites/bradadgate/2024/07/29/nba-new-media-rights-agreement-reflect-the-growth-of-streaming/

24 Minter, Adam, "TNT's Bid for NBA Media Rights Never Stood a Chance," Bloomberg.com, July 25, 2024. https://www.bloomberg.com/opinion/articles/2024-07-25/tnt-bid-to-nba-for-media-rights-never-stood-a-chance

25 Sprung, Shlomo, "TNF on Prime Video: Prime Targets, 4th Down Decision Guides & More," Boardroom, Sept. 13, 2023.https://boardroom.tv/amazon-thursday-night-football-tech/

26 Strauss, Ben, "Amazon Is Building a Sports Media Empire. What's Next?" Washington Post, July 25, 2024.https://www.washingtonpost.com/sports/2024/07/25/amazon-prime-video-nba-nfl-sports-rights/

27 Adgate, Brad, "Here's Why Formula 1 Racing Is Growing in Popularity with Women," Forbes, March 11, 2024. https://www.forbes.com/sites/bradadgate/2024/03/11/heres-why-formula-1-racing-is-growing-in-popularity-with-women/

28 Herman, Lily, "How Netflix's Docuseries 'Drive to Survive' Made Formula 1 an American Cultural Phenomenon," Yahoo.com, Feb. 23, 2024. https://www.yahoo.com/entertainment/drive-to-survive-formula-1-netflix-120047593.html

29 Power, Shannon, "How 'Quarterback' Is Performing Compared to Other Shows on Netflix," Newsweek, July 21, 2023.https://www.newsweek.com/quarterback-performing-netflix-patrick-mahomes-1814524

30 Reedy, Joe, "Netflix Will Carry NFL Games on Christmas Day for 3 Years, Including 2 This Upcoming Season," AP, May 16, 2024. https://apnews.com/article/nfl-schedule-netflix-christmas-e6da0635c7a5f0d18391c65f0f41b711

31 Uddin, Rayhan, "PSG vs Manchester City: How Gulf-Owned Teams Diverged on Football's Future," Middle East Eye, April 27, 2021. https://www.middleeasteye.net/big-story/qatar-uae-psg-manchester-city-european-super-league

32 "MLB Team Valuations: #1 New York Yankees," Forbes. https://www.forbes.com/teams/new-york-yankees/

33 Coffey, Brendan et al, "Global Soccer Private Equity Ownershp Rules: Can PE Own Teams?", Sportico, June 24, 2024. https://www.sportico.com/feature/global-soccer-ownership-rules-private-equity-1234784490/

34 "The European Club Footballing Landscape: Club Licensing Benchmarking Report Emerging from the Pandemic," UEFA.com, https://editorial.uefa.com/resources/027e-174740f39cc6-d205dd2e86bf-1000/ecfl_bm_report_2022_high_resolution_.pdf

35 Azzoni, Tales, “How Private Equity Is Changing the Global Soccer Landscape with Big Investments in Clubs and Leagues,” AP, Feb. 6, 2024. https://apnews.com/article/investment-funds-private-equity-soccer-cvc-777 -a5ba0ffb583426e7cae97c4b146187ab

36 Moore, Dan, “What's Behind the Exploding Prices of Pro Sports Franchises?” The Ringer, Nov. 28, 2022. https://www.theringer.com/sports/2022/11/28/23472636/sports-team-franchise-valuation-sale-prices

37 Rothstein, Michael, “Private Equity in the NFL? How Team Ownership Might Shift,” ESPN.com, May 19, 2024. https://www.espn.com/nfl/story/_/id/40164039/private-equity-nfl-ownership-proposal-changes

38 Beaton, Andrew and Gottfried, Miriam, “Private Equity Ownership is coming to the NFL,” Wall Street Journal, August 27, 2024. https://www.wsj.com/sports/football/nfl-private-equity-rules-owners-meeting-vote-222887b7

39 Jones, Mike, “NFL owners approve proposal to allow private equity firms to buy limited stakes in teams,” The Athletic, August 27, 2024. https://www.nytimes.com/athletic/5727359/2024/08/27/nfl-owners-private-equity-firms

40 Sherman, Alex, “The NFL Is Open to Private Equity Team Ownership of Up to 10%, Commissioner Roger Goodell Says,” CNBC.com, July 11, 2024. https://www.cnbc.com/2024/07/11/nfl-open-to-private-equity-team-ownership-roger-goodell-says.html

41 “Bundesliga Fans Protest Against Private Equity Investors,” DW.com, Dec. 16, 2023. https://www.dw.com/en/bundesliga-fans-protest-against-private-equity-investors/a-67744834

42 Noble, John, “German Football League Ends Private Equity Talks After Mass Fan Protests,” Financial Times, Feb. 21, 2024. https://www.ft.com/content/6fa1e-c6f-5ab8-4a13-a2db-aedaee8f6aa1

43 Ford, Matt, “Bundesliga: Blackstone Considering Dropping Investment Bid,” DW.com, Feb. 13, 2024. https://www.dw.com/en/bundesliga-blackstone-considering-dropping-investment-bid/a-68249259

44 Smith, Rory and Panja, Tariq, “Bowing to Fan Revolt, German Soccer Rejects $1 Billion Investment,” New York Times, Feb. 21, 2024. https://www.nytimes.com/2024/02/21/world/europe/germany-soccer-fan-revolt-investment.html

45 Hellier, David and Henning, Eyk, “CVC's $1.1 Billion German Football Deal Ends After Fan Protests,” Bloomberg, Feb. 21, 2024. https://www.bloomberg.com/news/articles/2024-02-21/cvc-s-1-1-billion-german-football-deal-ends-after-fan-protests

46 Irwin, Austin, “What Is Sportswashing and Why Should We Care About It?” Australian Human Rights Institute. https://www.humanrights.unsw.edu.au/students/blogs/what-is-sportswashing

47 Sutton, Bill, “Sportswashing: The Term Might Be New but Not the Activity,” Sports Business Journal, July 10, 2023. https://www.sportsbusinessjournal.com/Journal/Issues/2023/07/10/Opinion/sutton.aspx

48 “Deloitte's 2024 Sports Investment Outlook,” Deloitte.com, March 4, 2024. https://www.deloitte.com/uk/en/services/financial-advisory/perspectives/sports-investment-outlook-2024.html

49 Badenhausen, Kurt, “How sports teams, leagues and owners make money,” Sportico, Feb. 16, 2024. https://www.sportico.com/feature/how-sports-teams-leagues-make-money-1234766931/

50 “Ross-Arctos Sports Franchise Index,” Michigan Ross. https://michiganross.umich.edu/faculty-research/partnerships/ross-arctos-sports-franchise-index

51 Corrigan, Dermot, “From baseball scandal to La Liga promotion – Leganes' Jeff Luhnow and a twist on big data”, New York Times, Aug. 8, 2024. https://www.nytimes.com/athletic/5686815/2024/08/08/leganes-luhnow-houston-astros-la-liga-promotion/

52 Sim, Josh, “Arctos raises US$4.1bn for second sports investment fund”, SP, April 3, 2024. https://www.sportspromedia.com/news/arctos-sports-team-investment-second-fund-closed/

53 Dunbar, Graham, “UEFA Details Trend and Risks of Teams in Multi-Club Owner Groups in $28BN European Soccer Industry,” AP, Feb. 15, 2024. https://apnews.com/article/uefa-multiclub-ownership-4027576658a95b8fa811515480b4f95b

54 “Multi-Club Ownership: The Unproven Concept Transforming Football,” SportBusiness. https://www.sportbusiness.com/multi-club-ownership-report/

55 Agini, Samuel, “Football's Multi-Club Owners Start to Feel Growing Pains,” Financial Times, Jan. 28, 2023. https://www.ft.com/content/c988ede0-1aef-45da-8879-59f861a3811f

56 Dunbar, Graham, “UEFA Details Trend and Risks of Teams in Multi-Club Owner Groups in $28BN European Soccer Industry,” AP, Feb. 15, 2024. https://apnews.com/article/uefa-multiclub-ownership-4027576658a95b8fa811515480b4f95b

57 McCarthy, Sebastian, “Private Equity's Sports Boom: ‘Everyone Knows It's a Bubble’,” Private Equity News, Jan. 10, 2024. https://www.penews.com/articles/private-equitys-sports-boom-everyone-knows-its-a-bubble-20240110

58 Reeves, Rodney, “The Most Watched UFC Fights of All Time,” Front Office Sports, July 18, 2024. https://frontofficesports.com/most-watched-ufc-fights/

59 UFC Fight Pass homepage. https://welcome.ufcfightpass.com/region/united-states

60 Elkins, Kathleen, “$1,000 Cocktails, $26,000 Hotel Suites: Here's How the Super Rich Experience the Kentucky Derby,” CNBC.com, May 4, 2019. https://www.cnbc.com/2019/05/03/how-the-super-rich-experience-the-kentucky-derby.html

61 Glowicki, Matthew, “How Much Are Kentucky Derby Tickets? Here's Your Price and Seating Guide,” Courier Journal, Jan. 23, 2024. https://www.courier-journal.com/story/entertainment/events/kentucky-derby/derby-101/2024/01/23/kentucky-derby-tickets-2024-prices-ticket-packages-how-to-buy/72084988007/

62 Serino, Nicole et al., “Turning Moments into Movements: Women's Sports Attendance and Viewership Soar Pre-Olympics,” S&P Global, July 2, 2024. https://www.spglobal.com/en/research-insights/special-reports/turning-moments-into-movements-womens-sports-attendance-and-viewership-soar-pre-olympics

63 Haskel, Jennifer et al, “Women's elite sports: Breaking the billion-dollar barrier,“ Deloitte, Nov. 28, 2023. https://www2.deloitte.com/us/en/insights/industry/technology/technology-media-and-telecom-predictions/2024/tmt-predictions-professional-womens-sports-revenue.html

64 Ibid.

65 Shephard, Sarah, “Women's football will generate over €500m in 2024 – and the only way is up”, The Athletic, January 25, 2024.https://www.nytimes.com/athletic/5224621/2024/01/25/deloitte-money-league-women-football-wsl/

66 Serino, Nicole et al., “Turning Moments into Movements: Women's Sports Delo and Viewership Soar Pre-Olympics,” S&P Global, July 2, 2024.https://www.spglobal.com/en/research-insights/special-reports/turning-moments-into-movements-womens-sports-attendance-and-viewership-soar-pre-olympics

67 Plume, Karl, “WNBA: Viewership tops records as rookies shine, women's sports interest grows”, Reuters, July 20, 2024. https://www.reuters.com/sports/basketball/wnba-viewership-tops-records-rookies-shine-womens-sports-interest-grows-2024-07-21/

68 Haskel, Jennifer et al, “Women's elite sports: Breaking the billion-dollar barrier,“ Deloitte, Nov. 28, 2023. https://www2.deloitte.com/us/en/insights/industry/technology/technology-media-and-telecom-predictions/2024/tmt-predictions-professional-womens-sports-revenue.html

69 Morpurgo, Giulia and Garcia Perez, Irene, "Inter Milan Seized by Oaktree After Chinese Owner Defaults on Debt," Bloomberg, May 22, 2024.https://www.bloomberg.com/news/articles/2024-05-22/oaktree-says-it-has-taken-ownership-of-inter-milan-football-club

70 Inter Media and Communication S.p.A Results Presentation, Nov. 27, 2023. https://www.inter.it/media/downloads/2023/2023_11_27_11_16_26Inter%20Media%20and%20Communication%20S.p.A.%20Q1%20FY23-24%20Investor%20Presentation.pdf

71 Morpurgo, Giulia and Garcia Perez, Irene, "Inter Milan Seized by Oaktree After Chinese Owner Defaults on Debt," Bloomberg, May 22, 2024. https://www.bloomberg.com/news/articles/2024-05-22/oaktree-says-it-has-taken-ownership-of-inter-milan-football-club

72 Ozanian, Mike, "Here Is How Much the NFL May Increase the Debt Limits for Its Owners," Forbes, Sept. 25, 2023https://www.forbes.com/sites/mikeozanian/2023/09/25/here-is-how-much-the-nfl-may-increase--debt-limits-for-its-owners/

73 Guim, Franchesca, "Taylor Swift Thrills by Speaking in Spanish in Madrid: 5 Show Highlights," Billboard, May 30, 2024. https://www.billboard.com/lists/taylor-swift-madrid-live-eras-tour-recap/

74 2024 London Games – NFL. https://www.tottenhamhotspurstadium.com/whats-on/2024/nfl-2024-london-games/

75 Lottomatica Company Overview, April 2023. https://lottomaticagroup.com/Lottomaticagroup.com/media/library_documents/Investors/2023-04-Lottomatica-Company-Overview_vFFFF.pdf

76 Dattilo, Emily, "DraftKings Is in a Two-Horse Race with FanDuel. Competition Is Heating Up," Barron's, Feb. 16, 2024. https://www.barrons.com/articles/draftkings-stock-earnings-report-2ce45029

77 Armentrout, Mitchell, "Pritzker Bets FanDuel, DraftKings Won't Leave Illinois Over Hefty Sports Wagering Tax Hike," Chicago Sun-Times, June 2, 2024https://chicago.suntimes.com/casinos-gambling/2024/06/02/illinois-sports-betting-tax-hike-jb-pritzker

78 Saul, Derek, "DraftKings Stock Hobbles to Worst Day Since 2022 on Illinois Tax Fears," Forbes, May 28, 2024. https://www.forbes.com/sites/dereksaul/2024/05/28/draftkings-stock-hobbles-to-worst-day-since-2022-on-illinois-tax-fears/

79 Wijman, Tom, "Last Looks: The Global Games Market in 2023," Newzoo.com, May 16, 2024. https://newzoo.com/resources/blog/last-looks-the-global-games-market-in-2023

80 Ibid.

81 Games Market Reports and Forecasts, Newzoo.com. https://newzoo.com/games-market-reports-forecasts

82 Goldberg, Rob, "NFL, EA Sports Announce $1.5B Multiyear Contract Renewal for Madden NFL Games," Bleacher Report, May 28, 2020.https://bleacherreport.com/articles/2893853-nfl-ea-sports-announce-15b-multiyear-contract-renewal-for-madden-nfl-games

83 Cheney, Jack, "Review: 'Madden' Game Franchise Fails to Live Up to Its Former Glory," The Harbinger, Feb. 9, 2024. https://arhsharbinger.com/36936/ae/madden-game-franchise-fails-to-live-up-to-its-former-glory/

84 Fisher, Eric, "EA Rewarded for Decision to Split with FIFA," Front Office Sports, Oct. 2, 2023. https://frontofficesports.com/ea-rewarded-for-decision-to-split-with-fifa/

85 Curry, David, "Mobile Games Revenue Data (2024)," Business of Apps, Feb. 8, 2024. https://www.businessofapps.com/data/mobile-games-revenue/

86 Curry, David, "Most Popular Mobile Games (2024)," Business of Apps, Feb. 7, 2024. https://www.businessofapps.com/data/most-popular-mobile-games/

87 Gough, Christina, "Leading eSports Tournaments Worldwide 2024, by Prize Pool," Statista, May 23, 2024. https://www.statista.com/statistics/517940/leading-esports-tournamets-worldwide-by-prize-pool/

88 Kotecha, Raj, "Rise of eSports: Beyond Traditional Gaming," Acuity Knowledge Partners, June 14, 2024https://www.acuitykp.com/blog/rise-of-esports/

89 Gough, Christina, "eSports Audience Size Worldwide from 2020 to 2025, by Type of Viewers," Statista, May 22, 2024. https://www.statista.com/statistics/490480/global-esports-audience-size-viewer-type/

90 Goh, ZK, "Esports make historic medal debut at 19th Asian Games in Hangzhou," Olympics.com, Sept. 20, 2023. https://olympics.com/en/news/esports-historic-medal-debut-19th-asian-games-hangzhou-schedule-live

91 Gifford, Aaron, "Scholastic Esports Surging in Popularity Nationwide, Globally," Government Technology, Feb. 14, 2024. https://www.govtech.com/education/k-12/school-esports-thriving-in-the-united-states-and-globally

92 Alivia, Francesco, "Opportunities for Brands and Rights Holders from a Growing eSports Audience," Infront Sports, June 14, 2021. https://www.infront.sport/blog/sports-sponsorship/esports-audience-growth

93 Buckingham, Philip, "What Is a Premier League Football Fan in 2021?," The Athletic, Oct. 19, 2021. https://www.nytimes.com/athletic/2896952/2021/10/19/what-is-a-premier-league-football-fan-in-2021

94 Pyne, George, "Major Leagues' Major Efforts to Mesmerize Younger Fans," LinkedIn, March 12, 2024. https://www.linkedin.com/pulse/major-leagues-efforts-mesmerize-younger-fans-george-pyne-ckpie/

95 "IOC Enters a New Era with the Creation of Olympic Esports Games – First Games in 2025 in Saudi Arabia," Olympics.com, July 23, 2024. https://olympics.com/ioc/news/ioc-enters-a-new-era-with-the-creation-of-olympic-esports-games-first-games-in-2025-in-saudi-arabia

96 Browning, Kelly, "The Excitement Around E-Sports Is Growing. But Where Are the Profits? ", NY Times, November 26, 2022. https://www.nytimes.com/2022/11/26/business/video-game-e-sports-profit.html

97 "Tencent Limits Chinese Minors' Winter Holidays Gaming Time to 16h," EFE.com, Jan. 9, 2024. https://efe.com/en/latest-news/2024-01-09/tencent-limits-chinese-minors-winter-holidays-gaming-time-to-16h/

98 "China Imposes the World's Strictest Limits on Video Games," Economist, Sept. 2, 2021. https://www.economist.com/business/china-imposes-the-worlds-strictest-limits-on-video-games/21804100

99 "Faker Leads All-Star Cast of eSports Pros and Streamers on New Live Streaming Platform SOOP," One eSports, May 21, 2024. https://www.oneesports.gg/gaming/soop-streaming-platform-faker-pros/

100 Novy-Williams, Eben, "Ninjas In Pyjamas' $20m Ipo Is Latest Test of Esports Biz In Public Markets", Sportico, July 26, 2024. https://www.sportico.com/business/finance/2024/ninjas-in-pyjamas-ipo-esports-stock-price-1234791046/

For Professional Investor Use Only. All investments involve risks, including possible loss of principal. Past performance is not indicative of future results.

The information contained herein is provided by PGIM, Inc., the principal asset management business of Prudential Financial, Inc. (PFI), and a trading name of PGIM, Inc. and its global subsidiaries. PGIM, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Registration with the SEC does not imply a certain level of skill or training.

In the United Kingdom, information is issued by PGIM Limited with registered office: Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR. PGIM Limited is authorized and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number 193418). In the European Economic Area ("EEA"), information is issued by PGIM Netherlands B.V. with registered office: Gustav Mahlerlaan 1212, 1081 LA Amsterdam, The Netherlands. PGIM Netherlands B.V. is, authorized by the Autoriteit Financiële Markten ("AFM") in the Netherlands (Registration number 15003620) and operating on the basis of a European passport. In certain EEA countries, information is, where permitted, presented by PGIM Limited in reliance of provisions, exemptions or licenses available to PGIM Limited under temporary permission arrangements following the exit of the United Kingdom from the European Union. These materials are issued by PGIM Limited and/or PGIM Netherlands B.V. to persons who are professional clients as defined under the rules of the FCA and/or to persons who are professional clients as defined in the relevant local implementation of Directive 2014/65/EU (MiFID II). In Italy, information is provided by PGIM Limited authorized to operate in Italy by Commissione Nazionale per le Società e la Borsa (CONSOB). In Japan, information is provided by PGIM Japan Co., Ltd. ("PGIM Japan") and/or PGIM Real Estate (Japan) Ltd. ("PGIMREJ"). PGIM Japan, a registered Financial Instruments Business Operator with the Financial Services Agency of Japan offers various investment management services in Japan. PGIMREJ is a Japanese real estate asset manager that is registered with the Kanto Local Finance Bureau of Japan. In Hong Kong, information is provided by PGIM (Hong Kong) Limited, a regulated entity with the Securities & Futures Commission in Hong Kong to professional investors as defined in Section 1 of Part 1 of Schedule 1 of the Securities and Futures Ordinance (Cap. 571). In Singapore, information is issued by PGIM (Singapore) Pte. Ltd. ("PGIM Singapore"), a regulated entity with the Monetary Authority of Singapore under a Capital Markets Services License to conduct fund management and an exempt financial adviser. This material is issued by PGIM Singapore for the general information of "institutional investors" pursuant to Section 304 of the Securities and Futures Act 2001 of Singapore (the "SFA") and "accredited investors" and other relevant persons in accordance with the conditions specified in Section 305 of the SFA. In South Korea, information is issued by PGIM, Inc., which is licensed to provide discretionary investment management services directly to South Korean qualified institutional investors on a cross-border basis.

These materials are for informational or educational purposes only. The information is not intended as investment advice and is not a recommendation about managing or investing assets. In providing these materials, PGIM is not acting as your fiduciary. These materials represent the views, opinions and recommendations of the author(s) regarding the economic conditions, asset classes, securities, issuers or financial instruments referenced herein. Distribution of this information to any person other than the person to whom it was originally delivered and to such person's advisers is unauthorized, and any reproduction of these materials, in whole or in part, or the divulgence of any of the contents hereof, without prior consent of PGIM is prohibited. Certain information contained herein has been obtained from sources that PGIM believes to be reliable as of the date presented; however, PGIM cannot guarantee the accuracy of such information, assure its completeness, or warrant such information will not be changed. The information contained herein is current as of the date of issuance (or such earlier date as referenced herein) and is subject to change without notice. PGIM has no obligation to update any or all of such information; nor do we make any express or implied warranties or representations as to the completeness or accuracy or accept responsibility for errors. These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or other financial instrument or any investment management services and should not be used as the basis for any investment decision. No risk management technique can guarantee the mitigation or elimination of risk in any market environment. Past performance is not a guarantee or a reliable indicator of future results and an investment could lose value. No liability whatsoever is accepted for any loss (whether direct, indirect, or consequential) that may arise from any use of the information contained in or derived from this report. PGIM and its affiliates may make investment decisions that are inconsistent with the recommendations or views expressed herein, including for proprietary accounts of PGIM or its affiliates. Any projections or forecasts presented herein are as of the date of this presentation and are subject to change without notice. Actual data will vary and may not be reflected here. Projections and forecasts are subject to high levels of uncertainty. Accordingly, any projections or forecasts should be viewed as merely representative of a broad range of possible outcomes. Projections or forecasts are estimated, based on assumptions, and are subject to significant revision and may change materially as economic and market conditions change. PGIM has no obligation to provide updates or changes to any projections or forecasts.

PGIM and its affiliates may develop and publish research that is independent of, and different than, the recommendations contained herein. PGIM's personnel other than the author(s), such as sales, marketing and trading personnel, may provide oral or written market commentary or ideas to PGIM's clients or prospects or proprietary investment ideas that differ from the views expressed herein.

Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.