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Manchester United: Should I support them in my investment portfolio?

Football (soccer) unites fans from across the globe and has firmly integrated into culture that traverses all walks of life, featuring iconic and decorated clubs such as Real Madrid, Manchester United, Barcelona, Chelsea, Arsenal, Bayern Munich. The list goes on. Collectively, the top 10 most valuable football clubs are worth a staggering $47.5 billion according to Forbes. While many of these clubs are owned by the club's passionate fan base, a few clubs are owned by extremely wealthy individuals, families, and even sovereign wealth funds in some cases, which begs the question: are football clubs a good investment or are they a vanity asset for their wealthy owners? In this article, Manchester United will be the focal point as they are listed on the New York Stock Exchange (NYSE), making it possible to support them on the pitch during the weekend and then watch them in your investment portfolio during the week.

Daniel Reynard

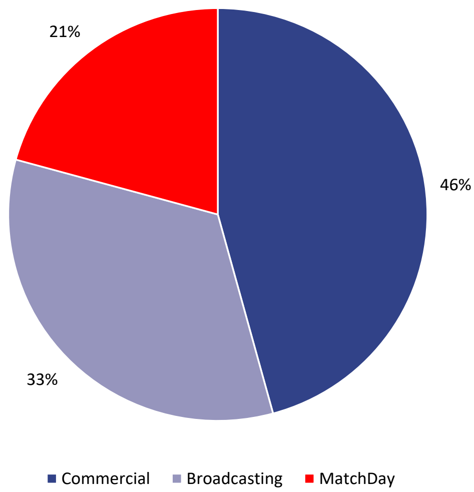
For those who are not familiar with the world of club football, Manchester United (Man Utd) is one of the oldest and most prestigious English football clubs. Since its founding in 1878 under its original name of Newton Heath LYR, Man Utd has lifted a total of 68 trophies, with only Liverpool ahead with 69 trophies. Much of Man Utd's silverware accumulated under the legendary Sir Alex Ferguson, who's brilliant guidance earned Man Utd 38 pieces of silverware and a truly global following. As many Manchester United fans will know, Sir Alex Ferguson's retirement at the end of the 2012-13 season marked a turning point in the club's fortunes. It also coincided with the club's listing on the New York Stock Exchange in 2012, so it's an excellent starting point for the financial analysis in this article.

The legendary Sir Alex Ferguson, who led Man Utd to 13 Premier League title wins and 3 major European trophies in his 26-year reign

SPEED READ

- **Manchester United has more than doubled its revenue since 2012 to £662 million, yet persistent operating losses driven by a high wage bill and transfer fee expenses have left shareholders in the red.**
- **A new stadium is on the cards, but who will end up paying for it?**
- **Since its 2012 NYSE listing, Manchester United's total shareholder return has been modest 12.3%, raising concerns over the club's financial sustainability and investment appeal.**

MAN UTD: SEGMENTAL REVENUES



The bulk of Man Utd's revenue comes from commercial sales, but broadcasting rights are also significant.

How Football Clubs Make Money

Man Utd, and football clubs in general, generate revenues from three streams: commercial sales, broadcasting rights and matchday income. Additionally, once off profit or losses on player transfers has the potential to boost or impair earnings.

Merchandise and sponsorship contracts fall under the commercial revenue segment, which has grown at a respectable 7.5% per year since 2012 and now makes up 46% of total revenues for Man Utd. This is because merchandisers are willing to pay top dollar to be associated with the Man Utd brand. For example, Adidas recently renewed their contract as the official Man Utd kit supplier for a cool £90 million per year until 2035! Adidas passes on these expenses to the fans as the popular men's official home shirt retails for R2,150. On top of the merchandising income, Qualcomm's Snapdragon pays £75 million per year to appear front and centre of Man Utd's kit until their contract expires in 2029. Insights from Deloitte's 2025 Football Money League Report suggest that the top 10 European football clubs earn a higher percentage of their revenue from the commercial segment while medium and smaller sized clubs rely more on their broadcasting revenues.

> *"Adidas recently renewed their contract as the official Man Utd kit supplier for a cool £90 million per year until 2035!"*

Man Utd's home kit featuring the Adidas and Snapdragon logos

The revenue from broadcasting rights accounts for roughly 33% of Man Utd's revenue, with 74% of broadcasting earned from the Premier League which is ultimately dependant on where Man Utd finishes in the table. Growth in this segment depends on the club's ability to compete at the highest echelons of European football, as the club reported a sharp 36% drop in broadcasting revenue this season because of their participation in the smaller Europa League, rather than the more lucrative Champions League like last season. The broadcasting revenue stream includes prize money, and Man Utd was awarded £2 million for winning the FA Cup final in 2024. Man Utd's management are hopeful that the team can win this season's Europa League to strengthen the company's financial standing.

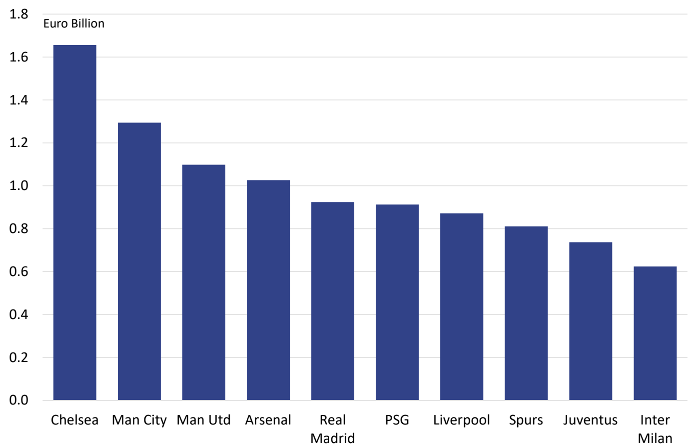
The final revenue stream, matchday revenue, is earned from selling season tickets and other experiences to fans at the iconic Old Trafford Stadium. This earns the club £137 million per year. However, it's become difficult to ignore the slow growth and diminishing contribution to total revenues over the past 13 years from this revenue stream. To address the slow growth as well as fans' growing frustrations over Old Trafford's poor condition, management has put forward plans to build a new stadium with a hefty price tag of £2 billion. The new design includes increasing capacity from 74,000 to 100,000 seats and adding three distinctive structural spikes to represent the Red Devils' trident. Management hopes that the new stadium and its increased capacity will boost matchday revenue, mirroring the financial successes of the new Tottenham, Arsenal and Real Madrid stadiums.

Management's grand vision for the "New" Trafford Stadium, designed to seat 100,000 fans, making it one of the largest stadiums in the UK and Europe

Manchester United's Financial Woes

Man Utd's revenue growth has been strong over the past 13 years, increasing from £320 million to £662 million between 2012 and 2024, making Man Utd the 4th largest football club in the world when measured by revenue. However, shareholders have not benefitted from the substantial revenue growth. Since the pandemic, the club has failed to generate an operating profit, reporting a cumulative operating loss of £248 million over the past three years. There are two main reasons as to why. The first is that Man Utd has a high annual wage bill of £429 million, paying its senior players like Casemiro and Bruno Fernandes annual salaries of £18.2 million and £16.9 million respectively. The second reason is the amortisation of the players' signing fee that Man Utd pays to other clubs to acquire players. Man Utd has the 3rd most expensive squad in all European football, having cost an estimated €1.1 billion to assemble. This forced the club to recognise an offsetting amortisation expense of £190 million in 2024. The combination of the direct employee salaries and amortisation of signing fees cost Man Utd £555 million in 2024 alone, leaving shareholders in the red. Management has sparked outrage amongst fans recently, announcing cost cutting measures to both player and fans' facilities in an effort to balance the books.

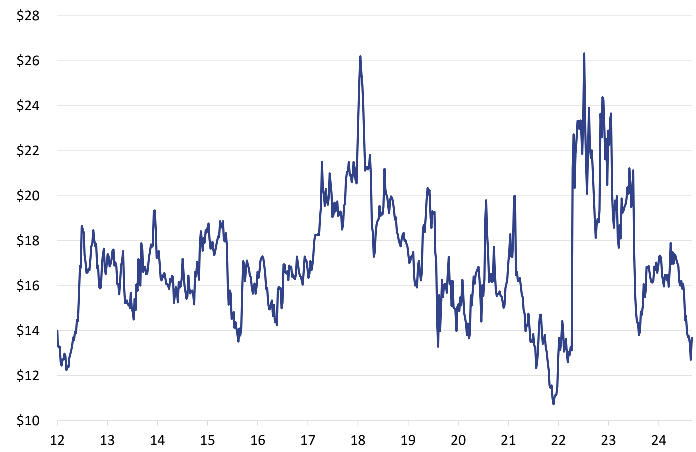
TOP 10 MOST EXPENSIVE TEAMS



Talent and egos come at a price. Top clubs can rack up costs quickly as they fight for top talent.

The controversial leveraged buyout of Man Utd in 2005 by the current owners, the Glazer Family, is another can of worms altogether. Ultimately, Man Utd is responsible for £730 million of debt and £390 million in yet-to-be-paid player transfer fees, leaving the balance sheet in a shaky position.

MAN UTD SHARE PRICE



Man Utd's share price has left ordinary shareholders with little to cheer. The two sharp spikes are from speculation of a Saudi Arabian and then Qatari takeover in 2018 and 2023, respectively.

Watching Man Utd in your portfolio

Unfortunately, the share price has left Man Utd shareholders with little cheer. After having listed at $14.00 per share on the NYSE in 2012, the share price is virtually unchanged thirteen years later. On the brighter side, the club distributed dividends to shareholders between 2017 and 2023, but a glance at its profile makes it clear that the dividend's growth failed to outpace inflation, unable to meet the Harvard House investment philosophy. Assuming shareholders have held the Man Utd shares since the listing date in 2012, and factoring in the dividend into the total return, shareholders have made a measly 12.3% total return since 2012. Hardly a trophy-winning performance!

Conclusion

While Manchester United retains its global brand recognition and esteemed football heritage, it has been unable play out from the back, failing to convert strong top line revenue growth into returns for ordinary shareholders. Perhaps it's prudent that fans support Man Utd on the football pitch during the weekend and watch more rewarding investments in their portfolios play out during the week. That said, devoted Man Utd fans would argue that the club has been more than just a vanity asset to the Glazer Family, who have made a small fortune through their debt-fuelled purchase, benefitting from the club's supposed value increase eight-fold since purchase. As a Tottenham Hotspurs fan myself, I do hope both of our club's fortunes change for the better as both teams fight it out in the bottom half of the Premier League table this season.

Our next Insight seminar will be held in June. As usual, we will take stock of how our economy and markets are faring six months into the year."

Topic:	Mid-Year Update
Natal Midlands	
Date:	12th of June 2025
Venue:	Christ Church Howick, 23 Mare Street, Howick
Morning Time:	10am for 10.30am
Evening Time:	5.30pm for 6pm

Johannesburg

Date:	3rd of June 2025
Venue:	Rosebank Union Church, Cnr Winne Mandela Drive and St Andrews Road, Hurlingham
Time:	7am for 7.30am

Cape Town

Date:	5th of June 2025
Venue:	SSISA Conference Centre, Boundary Road, Newlands, Classroom 1, 3rd Floor
Time:	7.30am
Venue:	ABRU Motor Studio, Lourensford Wine Estate, Somerset West
Time:	5.30pm for 6pm

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