Twitter Thread by Swiss Ramble

Swiss Ramble
@SwissRamble

#Milan 2019/20 accounts cover a season when they finished 6th in Serie A and reached the semi-final of the Coppa Italia, but were excluded from Europe for FFP issues. Second season under the ownership of American hedge fund, Elliott Management Corporation. Some thoughts follow.

#Milan pre-tax loss widened from €143m to €192m (post-tax €195m), the worst result in club's history (partly due to COVID), as revenue fell €56m (25%) from €228m to €172m, while profit on player sales up €3m to €15m. Expenses slightly lower, including €30m exceptionals.

Milan - Profit and Loss Account

AC Milan SpA (Gruppo Milan)

€ mlns	2020	2019	Growth	% Growth
Domestic	*23.6*	*33.1*	*(9.4)*	*(29)%*
UEFA Competitions		*1.0*	*(1.0)*	*(100)%*
Match Day	23.6	34.1	(10.5)	(31)%
TV - Domestic Media Rights	*63.4*	*90.3*	*(26.9)*	*(30)%*
TV - UEFA Competitions		*14.8*	*(14.8)*	*(100)%*
Broadcasting	63.4	105.0	(41.7)	(40)%
Sponsorship	*36.7*	*38.0*	*(1.3)*	*(4)%*
Commercial and Royalties	*15.6*	*18.8*	*(3.3)*	*(17)%*
Other commercial income	*24.8*	*19.5*	*5.4*	*28%*
Commercial	77.1	76.3	0.8	1%
Player Loans	8.1	12.9	(4.8)	(37)%
Revenue	**172.2**	**228.4**	**(56.2)**	**(25)%**
Wages	(160.9)	(184.8)	23.9	(13)%
Other Expenses	(87.6)	(95.0)	7.5	(8)%
Expenses	**(248.4)**	**(279.8)**	**31.4**	**(11)%**
EBITDA	**(76.2)**	**(51.4)**	**(24.8)**	**48%**
Player Amortisation	(94.6)	(80.3)	(14.3)	18%
Player Write-Downs	(19.9)	(1.9)	(17.9)	926%
Depreciation	(11.2)	(10.7)	(0.5)	5%
Non Cash Flow Expenses	**(125.7)**	**(93.0)**	**(32.7)**	**35%**
Operating Profit/(Loss)	**(201.9)**	**(144.4)**	**(57.5)**	**40%**
Gain on Player Sales	20.0	12.6	7.4	59%
Loss on Player Sales	(4.7)	(0.4)	(4.3)	951%
Profit on Player Sales	15.3	12.2	3.1	26%
Profit before Interest & Tax	**(186.6)**	**(132.3)**	**(54.3)**	**41%**
Net Interest Payable	(5.8)	(10.3)	4.5	(44)%
Profit/(Loss) before Tax	**(192.4)**	**(142.5)**	**(49.9)**	**35%**
Taxation Credit/(Charge)	(2.2)	(3.4)	1.2	(36)%
Profit/(Loss) after Tax	**(194.6)**	**(146.0)**	**(48.6)**	**33%**
Wages to Turnover	93%	81%	12%	
Gross Debt	115.2	95.5	19.6	21%
Cash	11.3	12.7	(1.4)	(11)%
Net Debt	**103.9**	**82.9**	**21.0**	**25%**

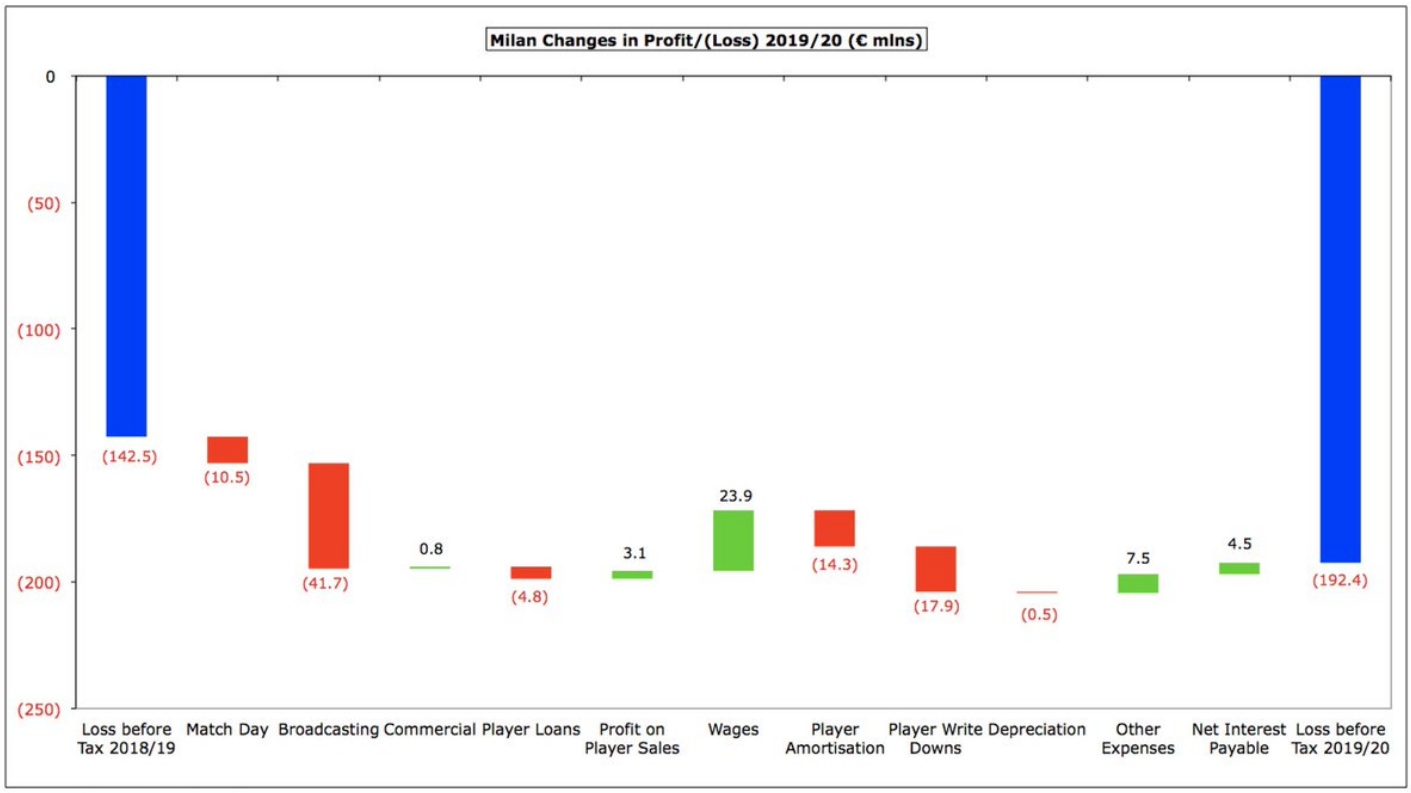
Memo: Revenue Reconciliation

Revenue (as above)	*172.2*	*228.4*	*(56.2)*	*(25)%*
Plus: Gain on Player Sales	*20.0*	*12.6*	*7.4*	*59%*
Plus: Change in Inventory	*0.1*	*0.1*	*(0.0)*	*(25)%*
Revenue (per Milan accounts)	***192.3***	***241.1***	**(48.8)**	**(20)%**

Prepared by @SwissRamble

#Milan largest revenue decrease came from broadcasting, down €42m (40%) from €105m to €63m, though match day also fell €10m (31%) from €34m to €24m and player loans were down €5m to €8m. Commercial was slightly higher, up €1m to

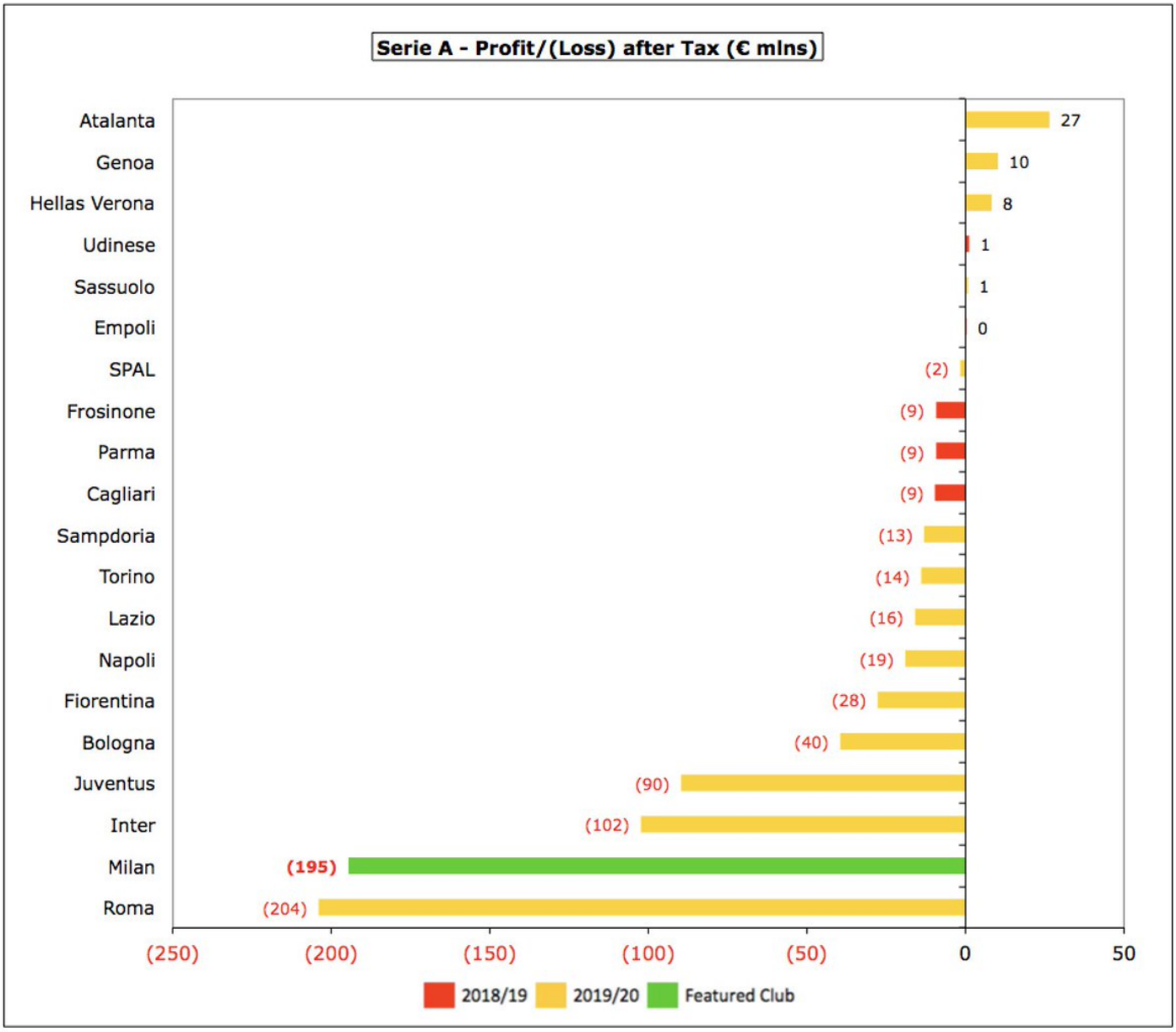
€77m.



As a technical aside, this international definition of #Milan €172m revenue is different to the one used in the club accounts, which also includes €20m gain on player sales plus a tiny increase in asset values, giving revenue of €192m, down €49m (20%) from prior year €241m.

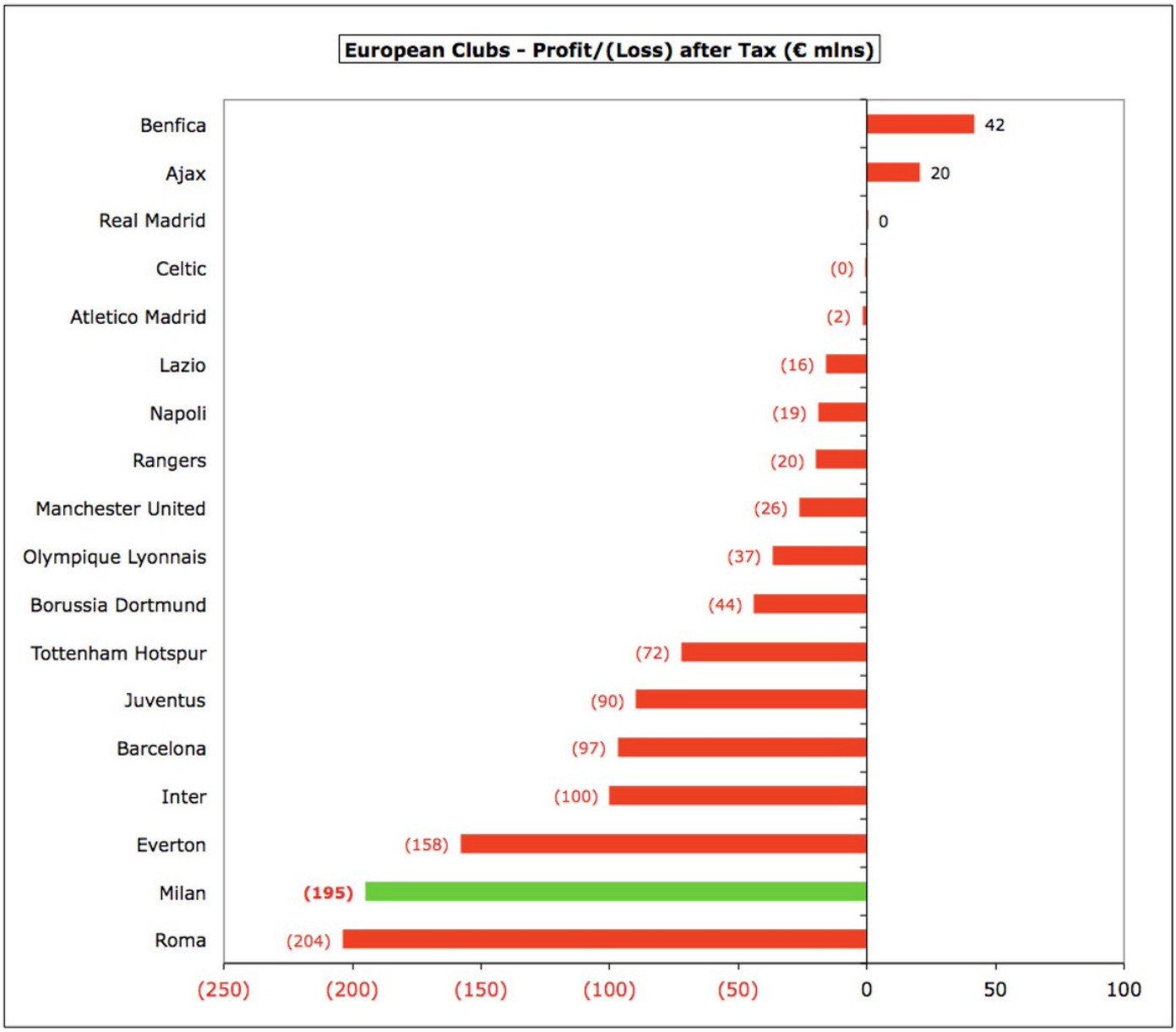
#Milan wage bill was cut €24m (13%) from €185m to €161m, while other expenses were down €7m (8%) to €88m. Player amortisation rose €14m (18%) to €95m, while player write-downs increased €18m from €2m to €20m. Net interest decreased €4m from €10m to €6m.

#Milan's huge €195m post-tax loss is almost the worst in Italy, only surpassed by Roma €204m, while Inter €102m and Juventus €90m also posted hefty deficits, impacted by COVID. Note: some clubs have 31 December year-end, so their 2019/20 accounts do not reflect the pandemic.



Note: all accounts to 30 June, except Atalanta, Fiorentina, Genoa, Sampdoria, Sassuolo, SPAL and Torino (to 31 December)
Prepared by @SwissRamble

Clearly, COVID has had a major adverse impact on finances in 2019/20 with many leading clubs across Europe reporting horrific losses, e.g. Everton €158m, Barcelona €97m and Tottenham Hotspur €72m, but #Milan €195m is one of the highest (worst).



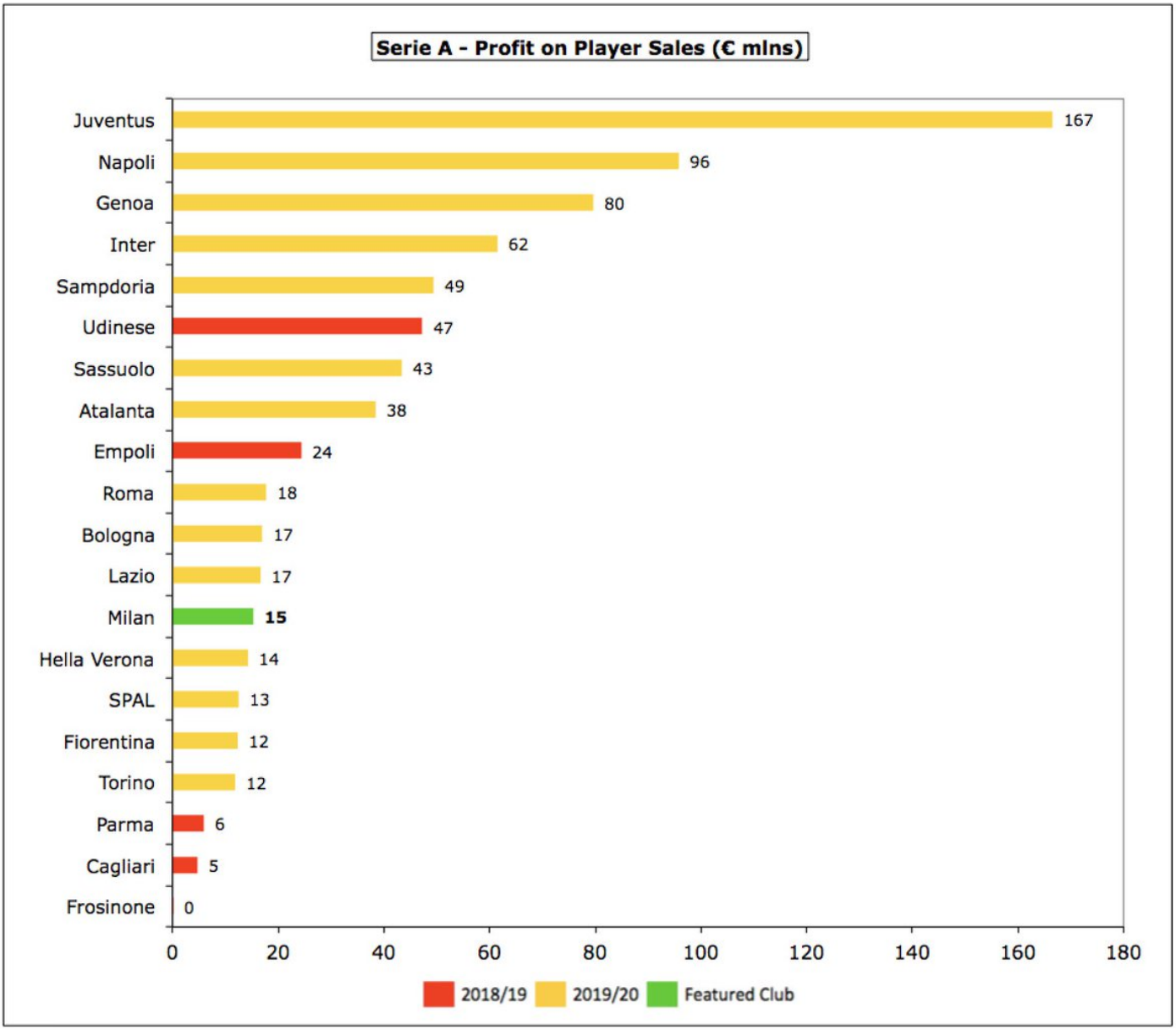
Note 1: Benfica figures are from individual club accounts, not consolidated accounts
Note 2: continental clubs converted from Euros to Stg at 1.13
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COVID has reduced #Milan revenue in 2019/20 by an estimated €42m: broadcasting €27m (Serie A revenue after 30 June deferred to 2020/21), match day €10m and commercial €5m. Without this loss, reported revenue would have been €214m, i.e. only 6% below prior year.

COVID Impact on Milan Revenue 2019/20 (€ mlns)	
	Estimate
Season ticket rebates	*2.4*
Gate receipts	*7.8*
Match Day	10.2
Serie A - deferred to 2020/21	*26.9*
Broadcasting	26.9
Sponsorship	*1.3*
Commercial and Royalties	*3.3*
Commercial	4.6
Revenue Loss	**41.7**

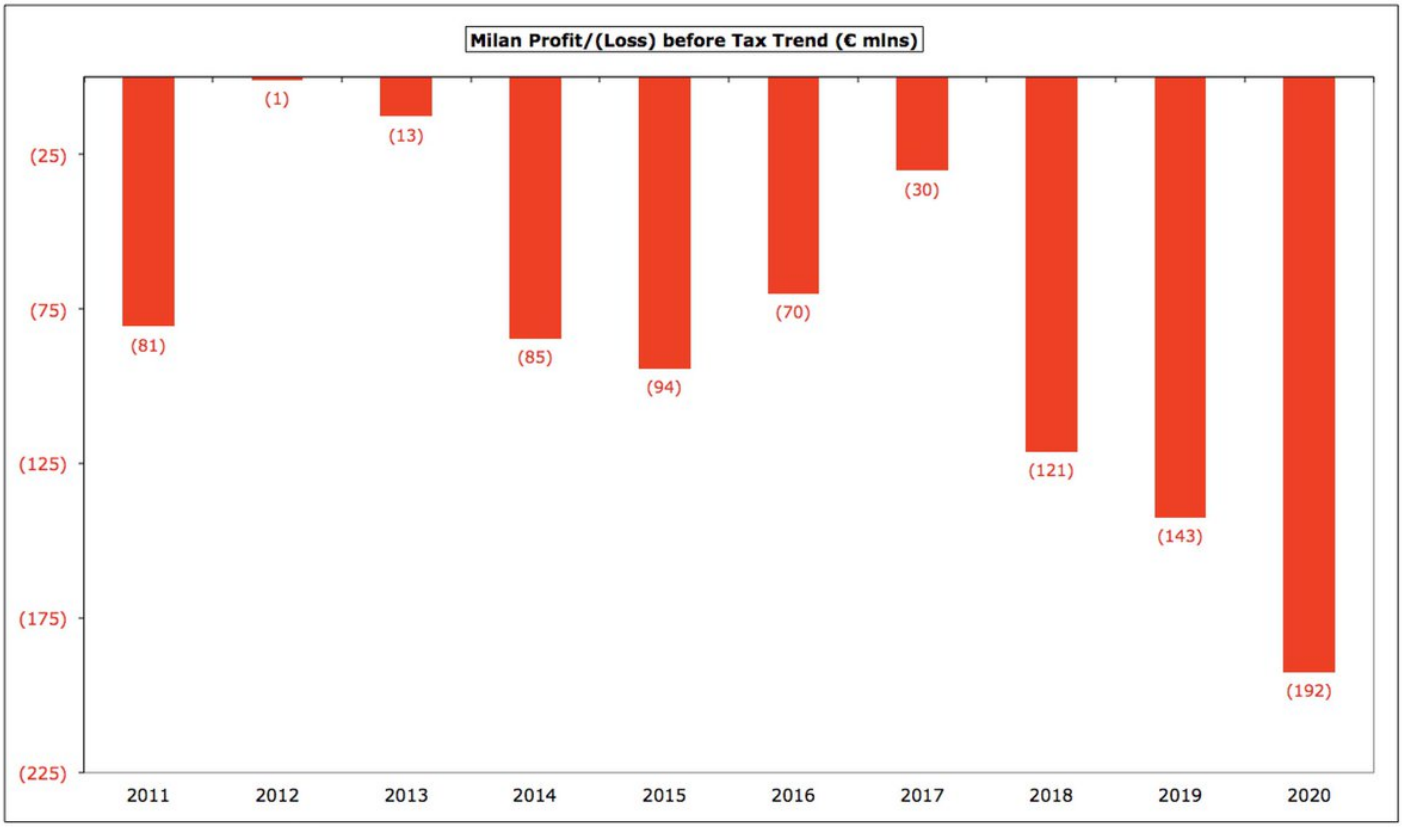
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#Milan profit on player sales rose €3m to €15m, mainly Cutrone to #WWFC €17m & Embelo to Lille €3m, offset by losses for Piatek to Hertha €4m & Borini to Verona €1m. One of smallest gains from this activity in Italy, significantly lower than Juventus €167m & Napoli €96m.



Note: all accounts to 30 June, except Atalanta, Fiorentina, Genoa, Sampdoria, Sassuolo, SPAL and Torino (to 31 December)
Prepared by @SwissRamble

#Milan have lost an incredible €735m in last 7 years (before tax). In fact, it's really 6.5 years, as 2017 was only 6 months after the change in accounting date from December to June. That means an average annual loss of €113m over this period.

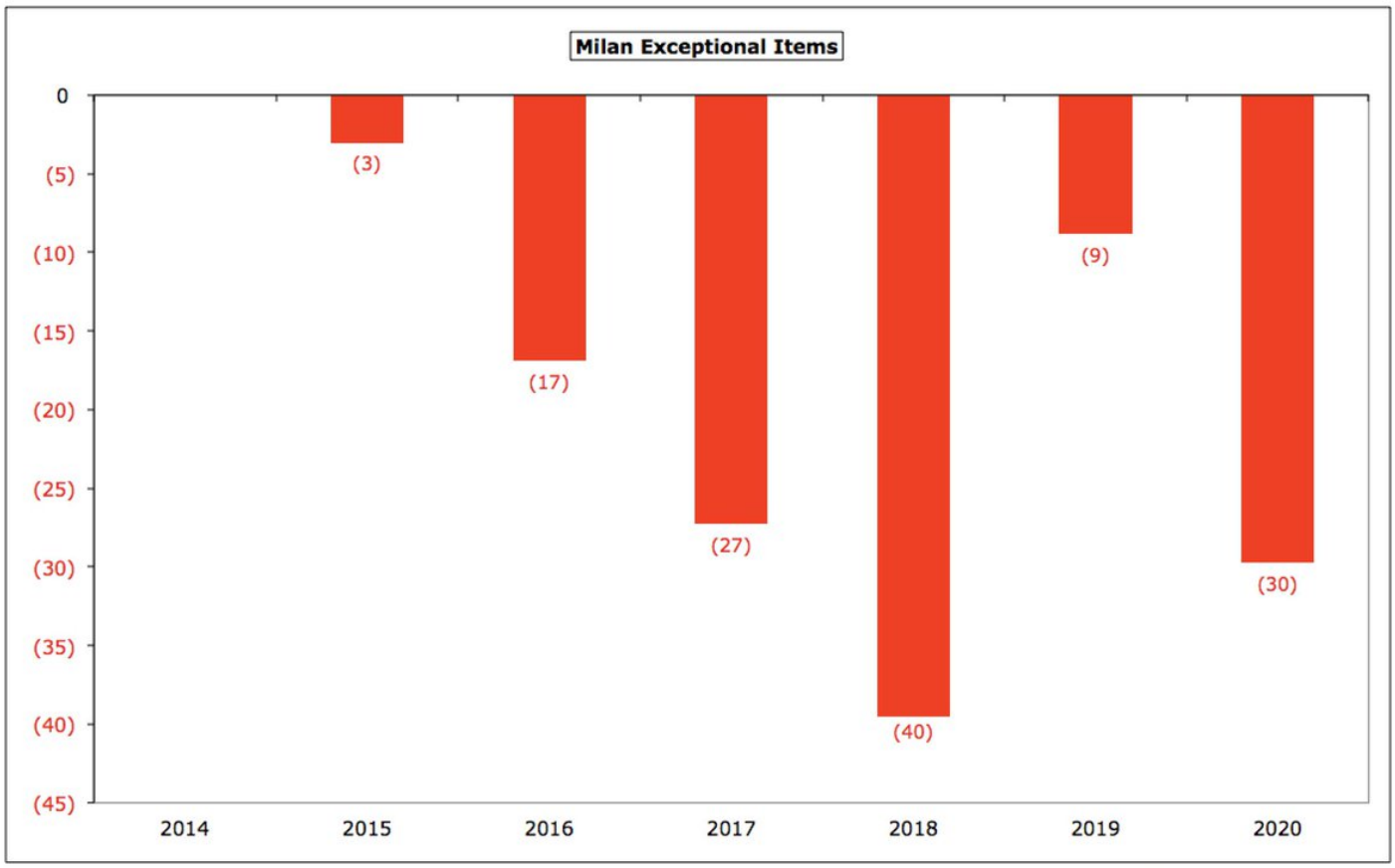


€ mlns	2011	2012	2013	2014	2015	2016	2017 6 months	2018	2019	2020
Profit/(Loss) before Tax	(81)	(1)	(13)	(85)	(94)	(70)	(30)	(121)	(143)	(192)
Tax	13	(6)	(3)	(7)	5	(5)	(2)	(5)	(3)	(2)
Profit/(Loss) after Tax	(67)	(7)	(16)	(91)	(89)	(75)	(33)	(126)	(146)	(195)

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Note: 2017 only covers 6 months, due to change in accounting date from 31 December to 30 June

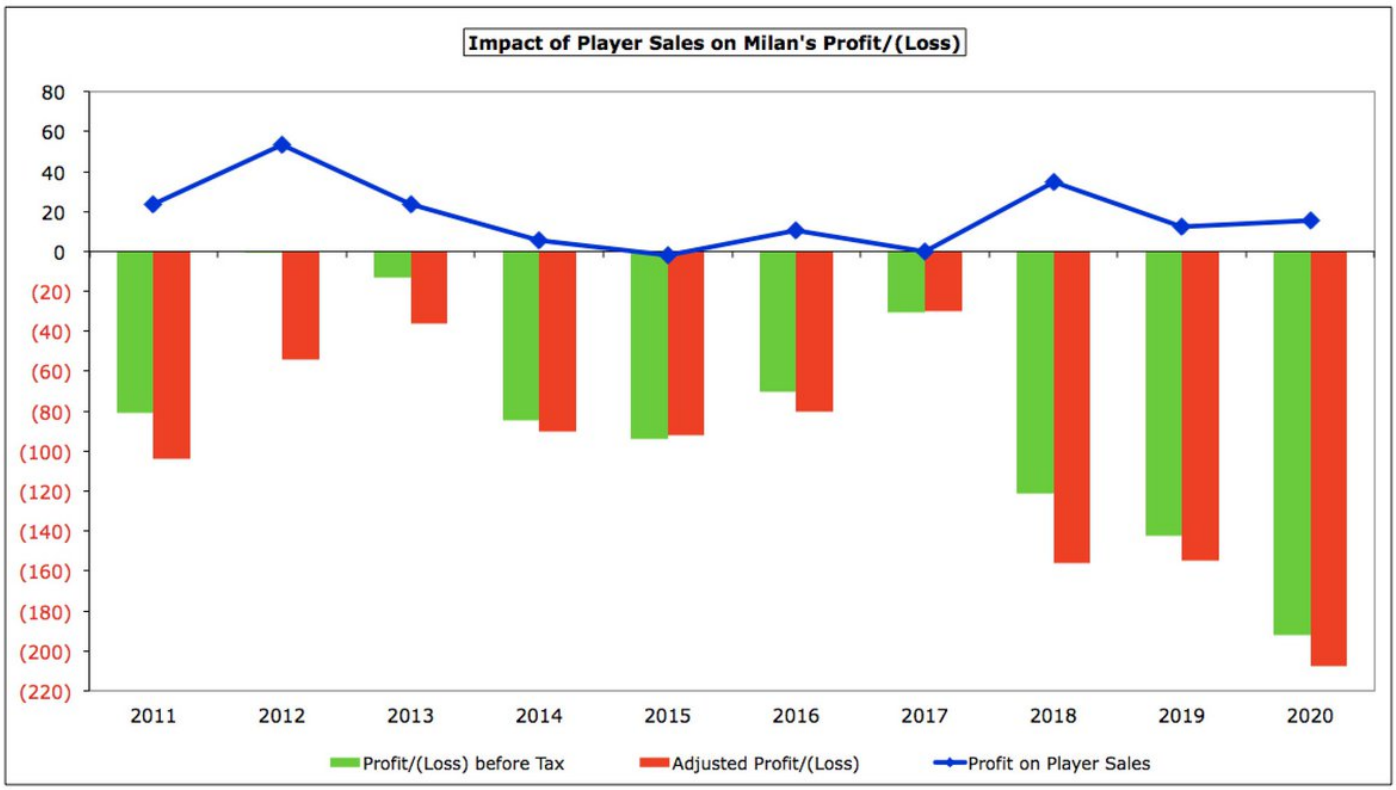
It is worth noting the impact of exceptional costs, which have increased #Milan losses by €146m since 2014. The 2019/20 accounts included €20m player write-downs (mainly Andre Silva, Paqueta, Rodriguez and Reina) and €10m provisions for management changes, restructuring, etc.



€ mlns	2014	2015	2016	2017	2018	2019	2020	Total
Write-down of Player Values			(10)	(16)	(22)	(2)	(20)	**(69)**
Provisions - management changes, UEFA FFP fine, etc				(11)	(18)	(7)	(10)	**(46)**
Write-down in value of M-I Studio Srl		(3)	(7)					**(10)**
Write-down of Tax Credit	(21)							**(21)**
Exceptional Items	**(21)**	**(3)**	**(17)**	**(27)**	**(40)**	**(9)**	**(30)**	**(146)**

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Unlike many leading clubs, #Milan have made very little from player sales. In fact, they have only averaged €11m profit a year since 2014, including actually losing money in two of those years. This is a third of the €33m average reported in the preceding 3-year period.

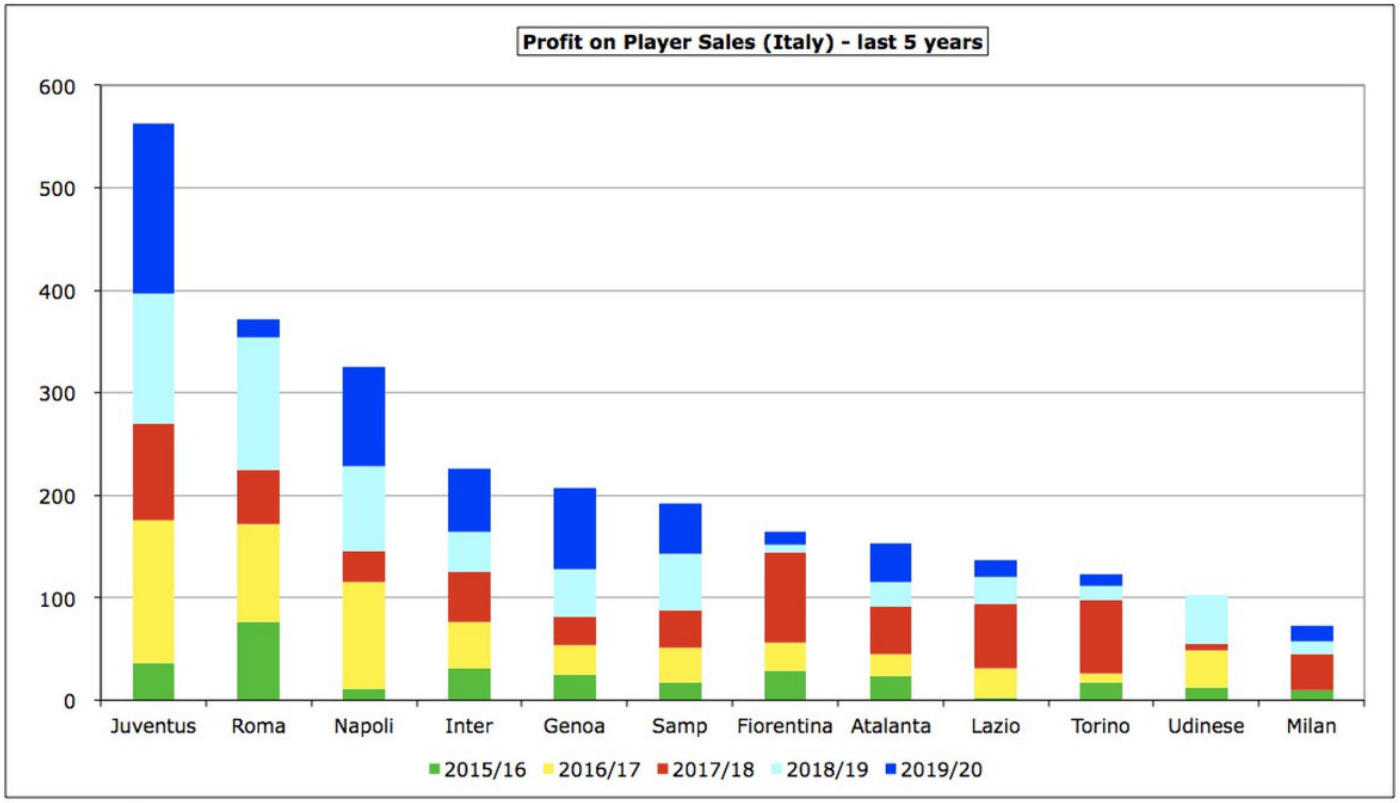


											Annual Averages	
							6 months					
€ mlns	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-13	2014-20
Profit/(Loss) before Tax	(81)	(1)	(13)	(85)	(94)	(70)	(30)	(121)	(143)	(192)	(31)	(105)
Gain on Player Sales	24	53	24	10	1	12	0	36	13	20	34	13
Loss on Player Sales	(0)	(0)	(1)	(4)	(3)	(2)	(1)	(1)	(0)	(5)	(0)	(2)
Profit on Player Sales	**23**	**53**	**23**	6	(2)	10	(0)	**35**	12	15	**33**	**11**
Adjusted Profit/(Loss)	(104)	(54)	(36)	(90)	(92)	(80)	(30)	(156)	(155)	(208)	(65)	(116)

Prepared by @SwissRamble

Note: 2017 only covers 6 months, due to change in accounting date from 31 December to 30 June

One reason #Milan have struggled financially is they have been poor at selling players. In the last 5 years, they only made €72m profit here, which is miles below Juventus €563m, Roma €372m and Napoli €325m. Not sold a single player for a profit above €20m in last 3 years.

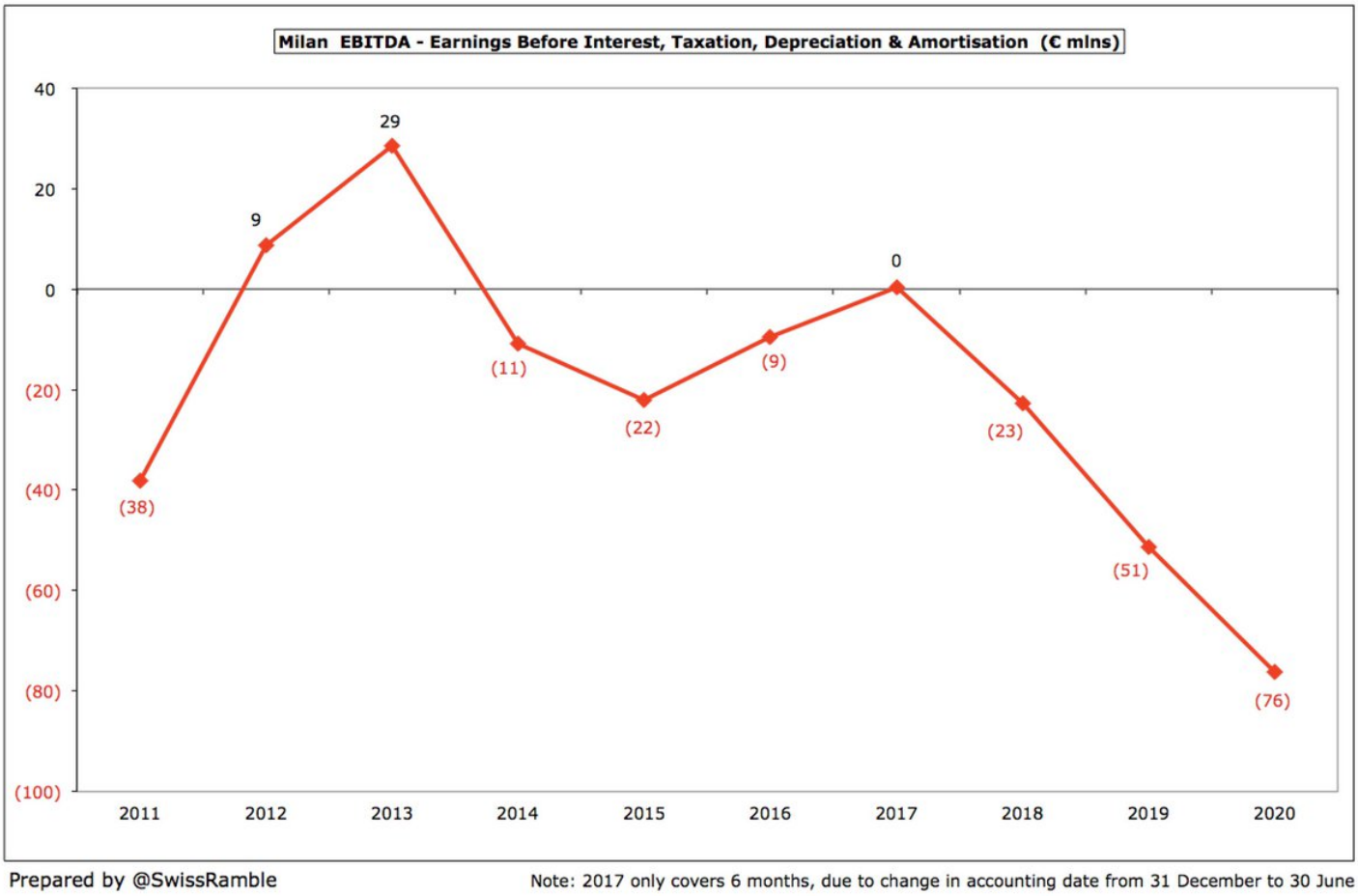


€ mlns	Juventus	Roma	Napoli	Inter	Genoa	Samp	Fiorentina	Atalanta	Lazio	Torino	Udinese	Milan
2015/16	36	77	11	32	24	17	29	23	2	17	12	**10**
2016/17	140	95	104	44	30	35	28	22	29	10	36	**(0)**
2017/18	94	54	30	49	28	37	87	45	64	71	7	**35**
2018/19	127	129	83	39	46	55	8	24	26	14	47	**12**
2019/20	167	18	96	62	80	49	12	38	17	12		**15**
Total	**563**	**372**	**325**	**226**	**207**	**193**	**164**	**153**	**137**	**123**	**102**	**72**

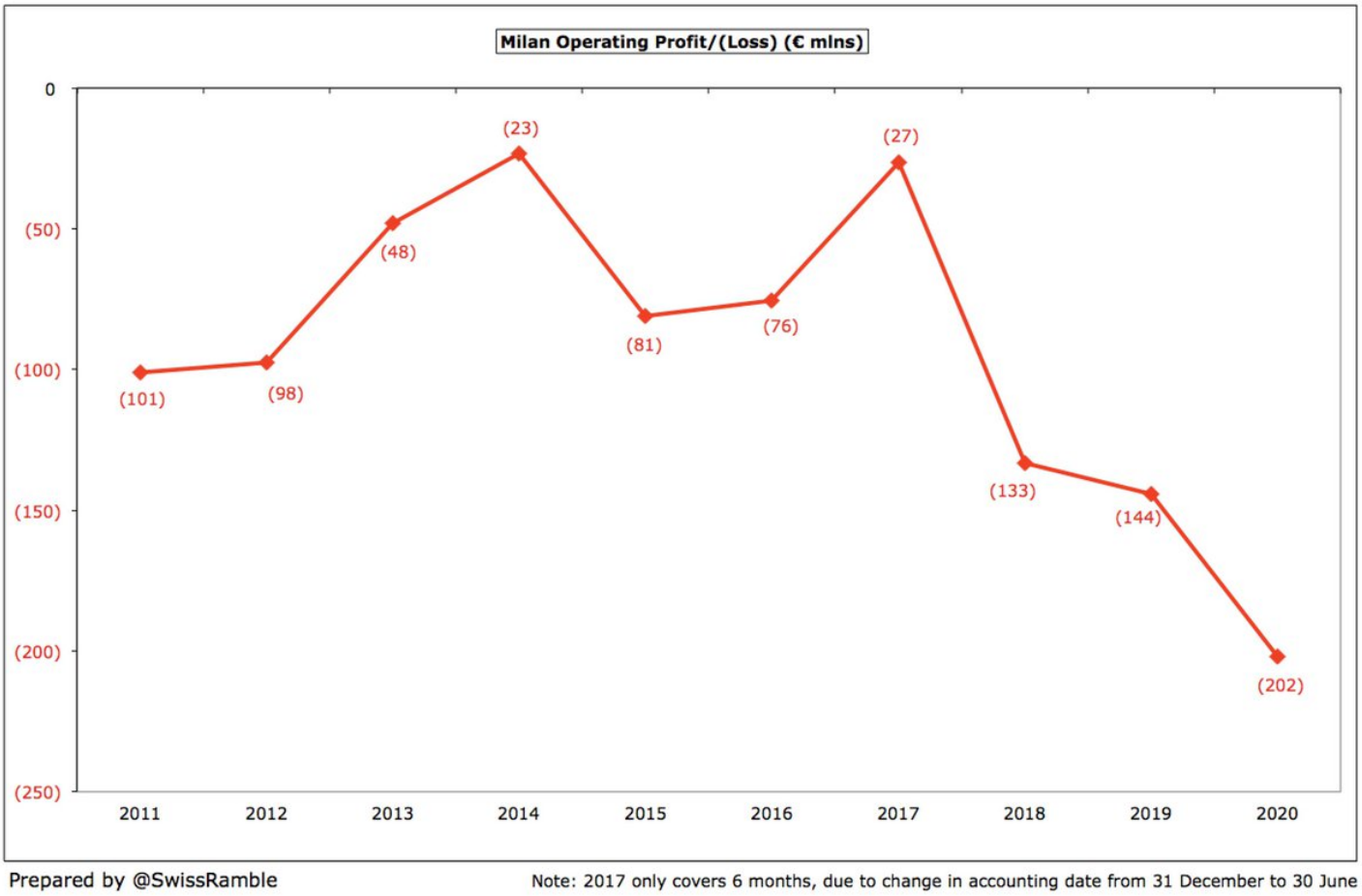
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Note: Udinese have not yet published 2019/20 accounts

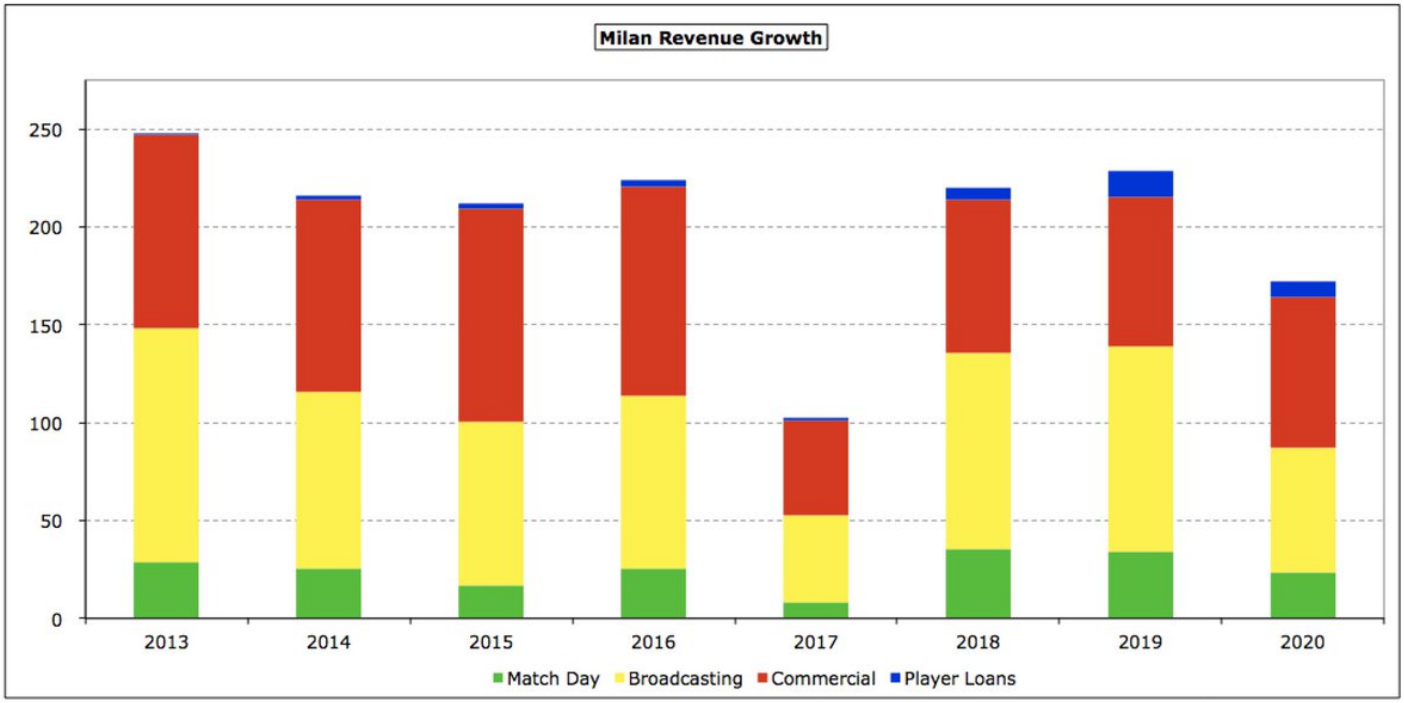
#Milan EBITDA (Earnings Before Interest, Tax, Depreciation & Amortisation), considered a proxy for underlying profitability, as it excludes once-off items like player sales and exceptional items, fell from €(51)m to €(76)m, the second worst in Italy, only ahead of Roma €90m.



Similarly, #Milan operating loss (excluding profit from player sales and interest) widened from €144m to €202m, down from only €23m in 2014. The traditional “Big Four” Italian clubs all make large operating losses: Juventus €234m, Roma €195m and Inter €133m.



#Milan ongoing revenue has declined €75m (30%) since 2013 from €247m to €172m, mainly due to not qualifying for Champions League, which has driven €56m reduction in broadcasting & €21m fall in commercial. By club's definition, revenue down €86m (31%) from €279m to €192m.

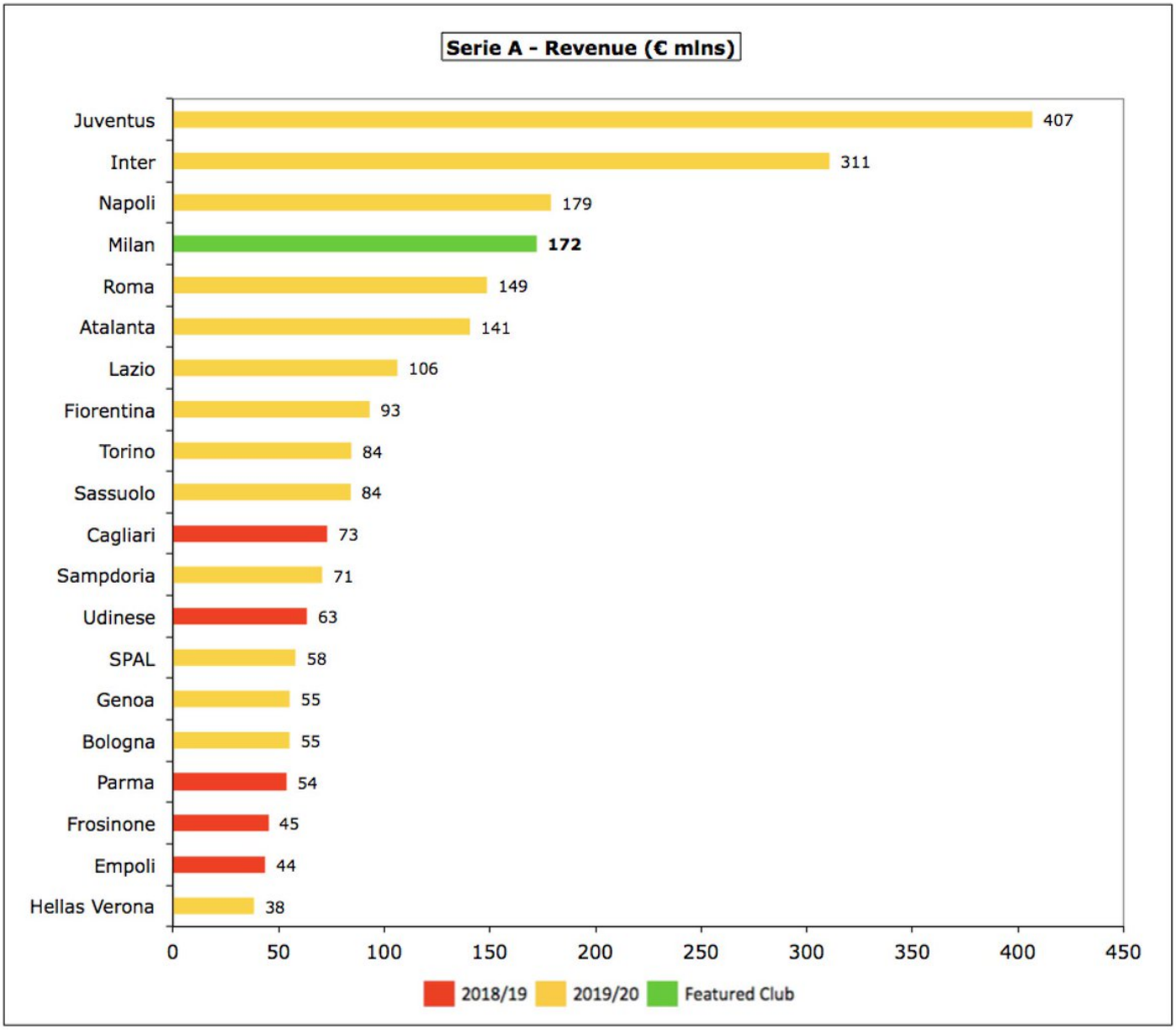


€ mlns	2013	2014	2015	2016	2017	2018	2019	2020	Growth 2013-20	
					6 months					
Domestic	*22*	*23*	*17*	*25*	*8*	*30*	*33*	*24*	*2*	*9%*
UEFA Competitions	*7*	*2*				*6*	*1*		*(7)*	*(100)%*
Match Day	29	26	17	25	8	35	34	24	(5)	(18)%
TV - Domestic Media Rights	*77*	*80*	*84*	*88*	*44*	*86*	*90*	*63*	*(14)*	*(18)%*
TV - UEFA Competitions	*42*	*10*				*14*	*15*		*(42)*	*(100)%*
Broadcasting	120	90	84	88	44	101	105	63	**(56)**	(47)%
Sponsorship	*35*	*61*	*65*	*60*	*25*	*45*	*38*	*37*	*2*	*6%*
Commercial and Royalties	*44*	*18*	*18*	*18*	*10*	*18*	*19*	*16*	*(28)*	*(64)%*
Other commercial income	*20*	*20*	*26*	*29*	*14*	*15*	*19*	*25*	*5*	*23%*
Commercial	98	98	108	107	48	78	76	77	**(21)**	(22)%
Player Loans	1	2	3	4	2	6	13	8	7	1'196%
Total	**247**	**216**	**212**	**224**	**103**	**220**	**228**	**172**	**(75)**	**(30)%**
Player Sales	24	10	1	12	0	36	13	20	(4)	(17)%
Change in Inventory	7	8	0	(0)	(0)	(0)	0	0	(7)	(99)%
Revenue (per Milan's accounts)	**279**	**234**	**213**	**236**	**103**	**256**	**241**	**192**	**(86)**	**(31)%**
Deloitte Money League										
Match Day	26	25	22	26		37				
Broadcasting	141	123	80	88		101				
Commercial	96	102	97	101		70				
Total	**264**	**250**	**199**	**215**	**192**	**208**	**206**			

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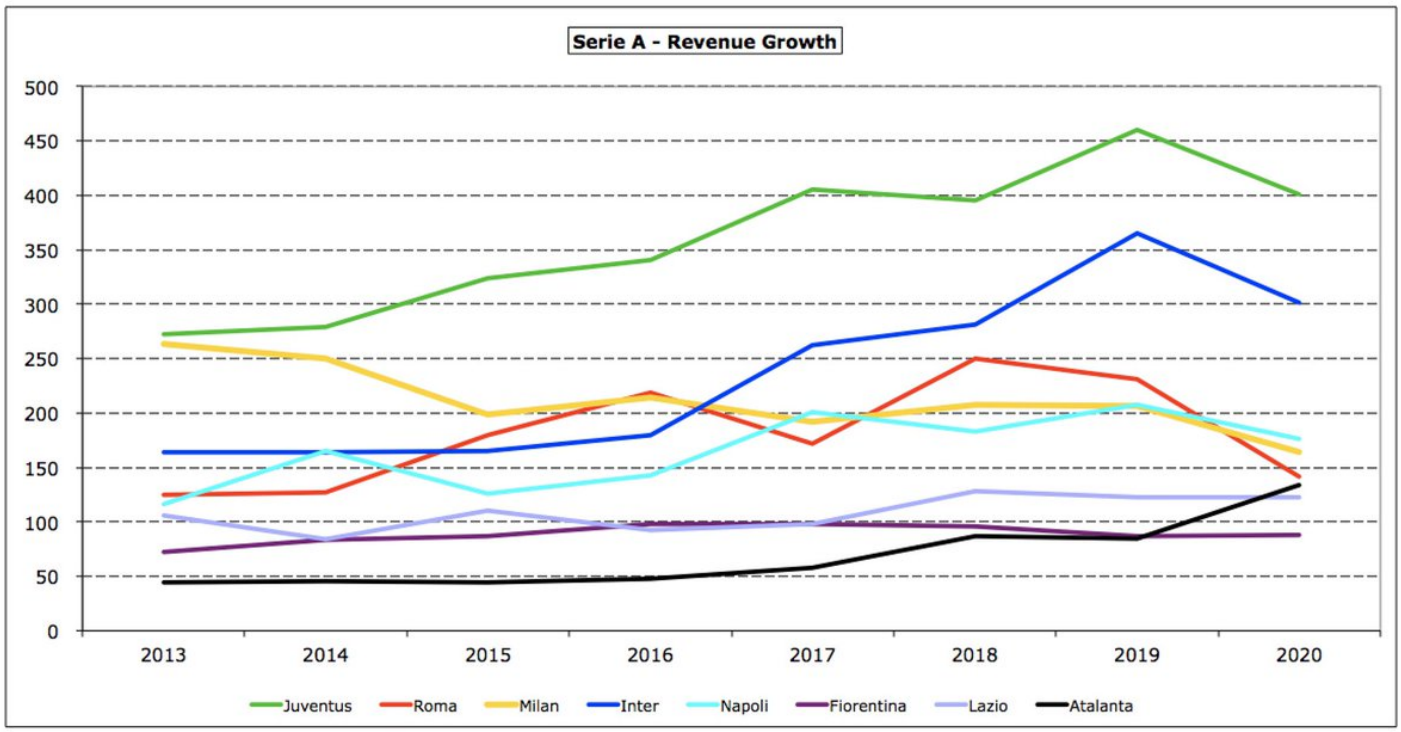
Note: 2017 only covers 6 months, due to change in accounting date from 31 December to 30 June

As a result, #Milan's €172m revenue is less than half of Juventus €407m and around €140m below Inter €311m. They are now 4th highest in Italy, having been overtaken by Napoli €179m, though are ahead of Roma €149m and Atalanta €141m.



Note 1: all accounts to 30 June, except Atalanta, Fiorentina, Genoa, Sampdoria, Sassuolo, SPAL and Torino (to 31 December)
Note 2: revenue adjusted to be consistent with other European leagues, e.g. excludes profit on player sales, increase in asset values
Prepared by @SwissRamble

Due to COVID, most clubs have seen revenue fall dramatically in 2020, so #Milan €42m reduction (excluding player loans) is actually better than Roma €90m, Inter €63m and Juventus €58m. Atalanta and Fiorentina accounts closed in December, i.e. before the pandemic.

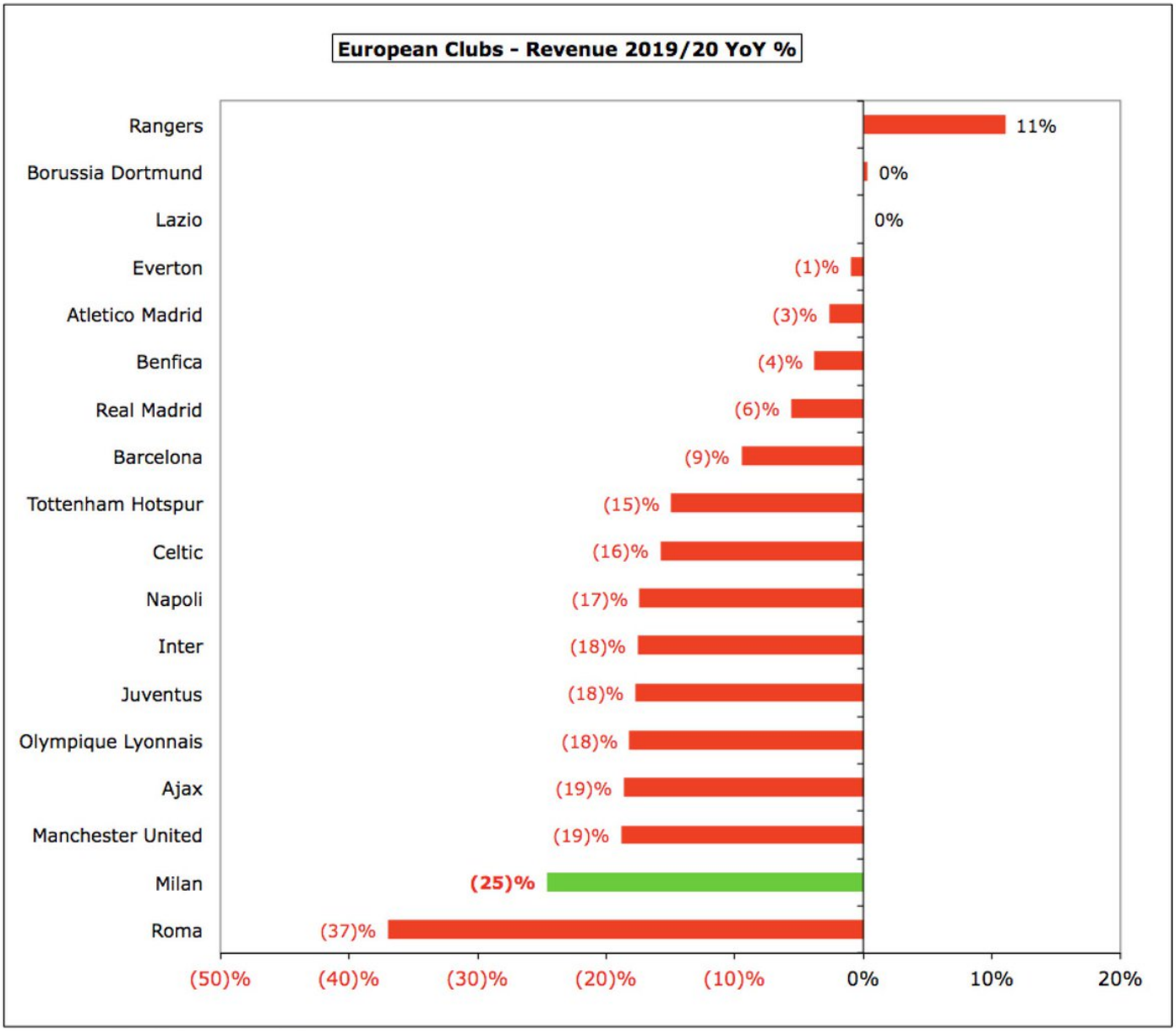


€ mlns	2013	2014	2015	2016	2017	2018	2019	2020	Growth over 2019	
Juventus	272	279	324	341	406	395	460	401	(58)	(13)%
Roma	124	127	179	218	172	250	231	141	(90)	(39)%
Milan	**264**	**250**	**199**	**215**	**192**	**208**	**206**	**164**	**(42)**	**(20)%**
Inter	165	164	165	179	262	281	365	301	(63)	(17)%
Napoli	116	165	126	143	201	183	207	176	(31)	(15)%
Fiorentina	72	83	86	98	98	96	87	88	0	0%
Lazio	106	84	110	92	98	129	122	122	0	0%
Atalanta	44	46	44	48	58	87	85	134	49	58%

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Note: figures from Deloitte Money League where possible (excludes player loans & once-off sales)

That said, #Milan 25% revenue decrease in 2019/20 is one of the worst results of clubs that have so far published accounts with most managing to limit the damage to falls below 20% (Juventus 18%, Inter 18%, Napoli 17%). Only Roma are higher with 37%.



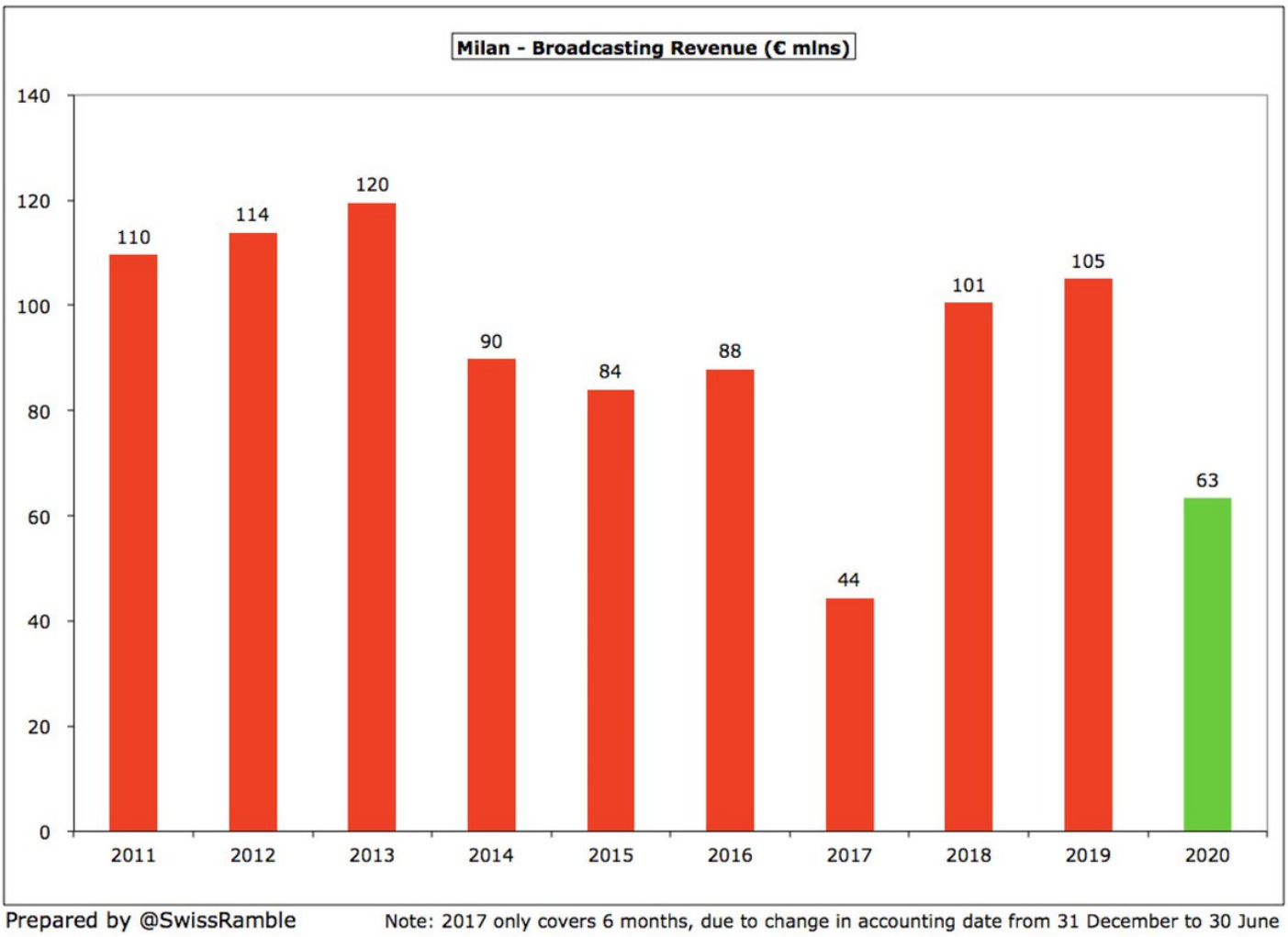
Based on 2018/19 accounts, #Milan dropped 3 places from 18th to 21st in the Deloitte Money League, which ranks clubs worldwide by revenue. In 2004 it was a different story, when they were ranked 3rd, generating €83m more revenue than 10th placed club, but are now €254m lower.

Deloittes Football Money League (2018/19 Accounts)

€ mlns	Rank	Match Day	TV	Commer-cial	TOTAL	Match Day as % of Total	TV as % of Total	Commer-cial as % of Total
Barcelona	1	159	298	384	**841**	19%	35%	46%
Real Madrid	2	145	258	355	**757**	19%	34%	47%
Manchester United	3	121	274	317	**712**	17%	38%	45%
Bayern Munich	4	92	211	357	**660**	14%	32%	54%
Paris Saint-Germain	5	116	157	363	**636**	18%	25%	57%
Manchester City	6	62	287	261	**611**	10%	47%	43%
Liverpool	7	95	299	211	**605**	16%	49%	35%
Tottenham Hotspur	8	93	277	152	**521**	18%	53%	29%
Chelsea	9	76	227	210	**513**	15%	44%	41%
Juventus	10	66	209	186	**460**	14%	45%	40%
Arsenal	11	109	211	126	**446**	25%	47%	28%
Borussia Dortmund	12	60	167	150	**377**	16%	44%	40%
Atletico Madrid	13	59	209	100	**368**	16%	57%	27%
Inter	14	51	159	155	**365**	14%	44%	42%
Schalke 04	15	54	161	110	**325**	17%	50%	34%
Roma	16	32	145	55	**231**	14%	63%	24%
Lyon	17	42	122	57	**221**	19%	55%	26%
West Ham	18	31	145	41	**216**	14%	67%	19%
Everton	19	17	152	45	**213**	8%	71%	21%
Napoli	20	16	145	46	**207**	8%	70%	22%
Milan	**21**				**206**			
Leicester City	22				**200**			
Ajax	23				**199**			
Benfica	24				**198**			
Wolverhampton Wanderers	25				**196**			
Valencia	26				**185**			
Eintracht Frankfurt	27				**184**			
Zenit Saint Petersburg	28				**180**			
Porto	29				**176**			
Crystal Palace	30				**175**			

Prepared by @SwissRamble

#Milan broadcasting revenue decreased €42m (40%) from €105m to €63m, mainly due to domestic TV dropping €27m (30%) from €90m to €63m, but also no UEFA prize money, which was €15m prior year. Top three earn much more: Juventus €166m, Napoli €121m and Inter €115m.



In 2018/19 #Milan received €77m TV money from Serie A: 50% equal share; 30% performance (15% last season, 10% last 5 years, 5% historical); and 20% supporters. However, 2019/20 revenue was €27m lower, as some income deferred to 2020/21 after a few games played in July & August.

Serie A - TV Distribution 2018/19 (€ mlns)

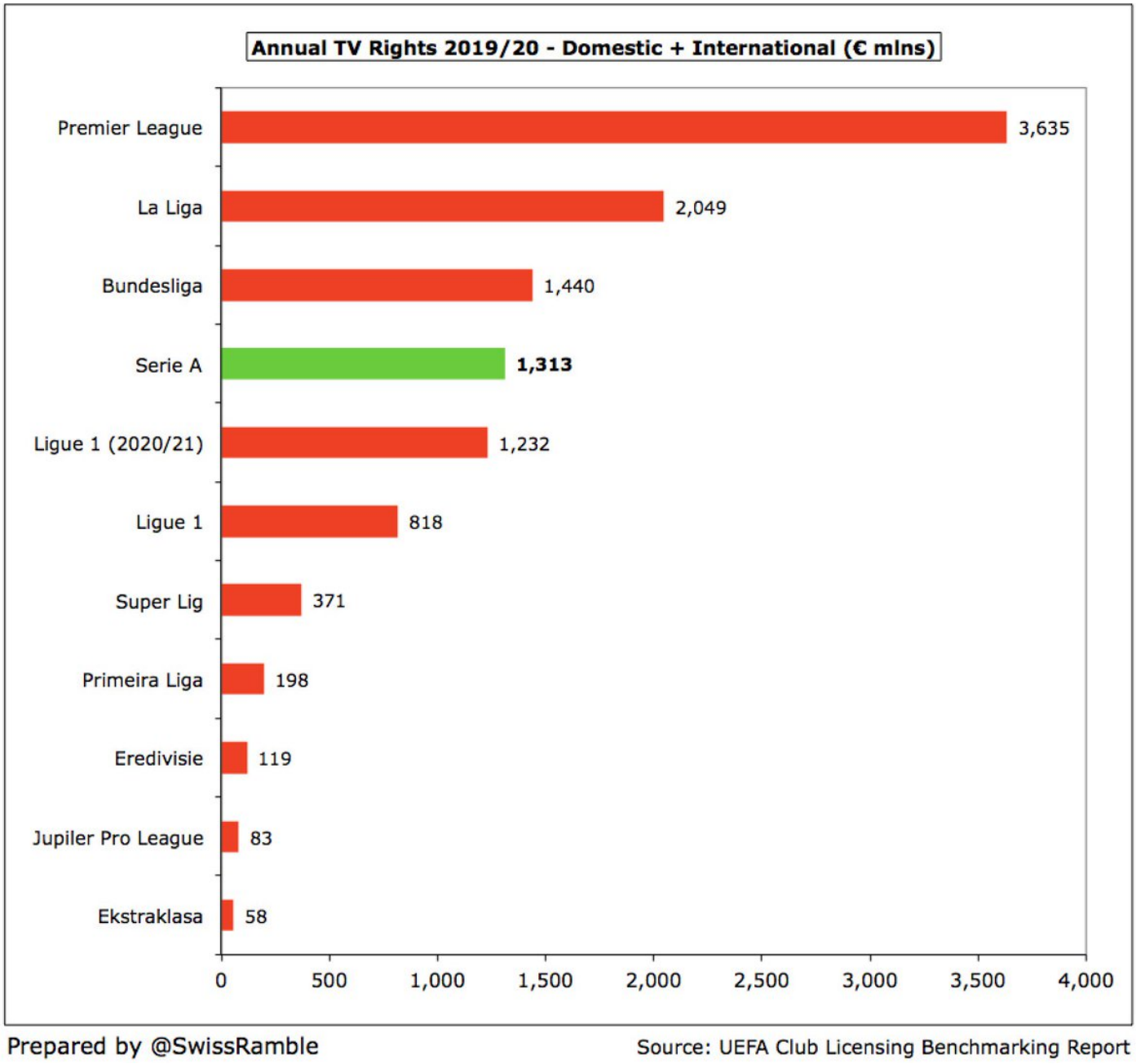
€ mlns	Rank	Equal Share	Performance: Last Season	Performance: 5 Previous Seasons	Performance: Historical	Media Profile: Supporters	Media Profile: Population	Merit / Bonus	**Total Payment**
Share 2017/18		*40%*	*5%*	*15%*	*10%*	*25%*	*5%*	-	***100%***
Deal 2017/18		*369.7*	*46.2*	*138.6*	*92.4*	*231.1*	*46.2*	*69.0*	***993.2***
Share 2018/19		50%	15%	10%	5%	20%	-	-	**100%**
Deal 2018/19		575.0	172.5	115.0	57.5	230.0	0.0	150.0	**1'300.0**
Juventus	1	28.8	16.4	11.0	5.5	23.7			**85.4**
Inter	2	28.8	14.0	9.3	4.9	25.9			**82.8**
Milan	**3**	**28.8**	**13.1**	**7.7**	**5.2**	**22.6**			**77.4**
Napoli	4	28.8	15.6	9.9	3.3	19.5			**77.1**
Roma	5	28.8	12.3	10.4	4.7	18.6			**74.8**
Lazio	6	28.8	10.7	8.2	3.8	13.5			**64.9**
Atalanta	7	28.8	14.8	6.6	2.7	9.0			**61.8**
Torino	8	28.8	11.5	7.1	3.6	8.9			**59.9**
Sampdoria	9	28.8	9.9	6.0	4.1	9.3			**58.0**
Fiorentina	10	28.8	4.1	8.8	4.4	11.8			**57.9**
Bologna	11	28.8	9.0	2.7	3.0	9.5			**53.0**
Udinese	12	28.8	7.4	3.8	2.2	7.7			**49.8**
Genoa	13	28.8	3.3	4.9	2.5	9.6			**49.0**
Sassuolo	14	28.8	8.2	5.5	0.5	5.9			**48.9**
Cagliari	15	28.8	4.9	3.3	1.9	7.3			**46.2**
Parma	16	28.8	5.8	1.6	1.6	6.1			**43.8**
SPAL	17	28.8	6.6	1.1	1.4	5.4			**43.2**
Chievo	18	28.8	0.8	4.4	0.8	5.6			**40.4**
Empoli	19	28.8	2.5	2.2	1.1	4.8			**39.3**
Frosinone	20	28.8	1.6	0.5	0.3	5.2			**36.4**
Total		**575.0**	**172.5**	**115.0**	**57.5**	**230.0**	**0.0**	**0.0**	**1'150.0**

Note: details of merit/bonus payments not yet available

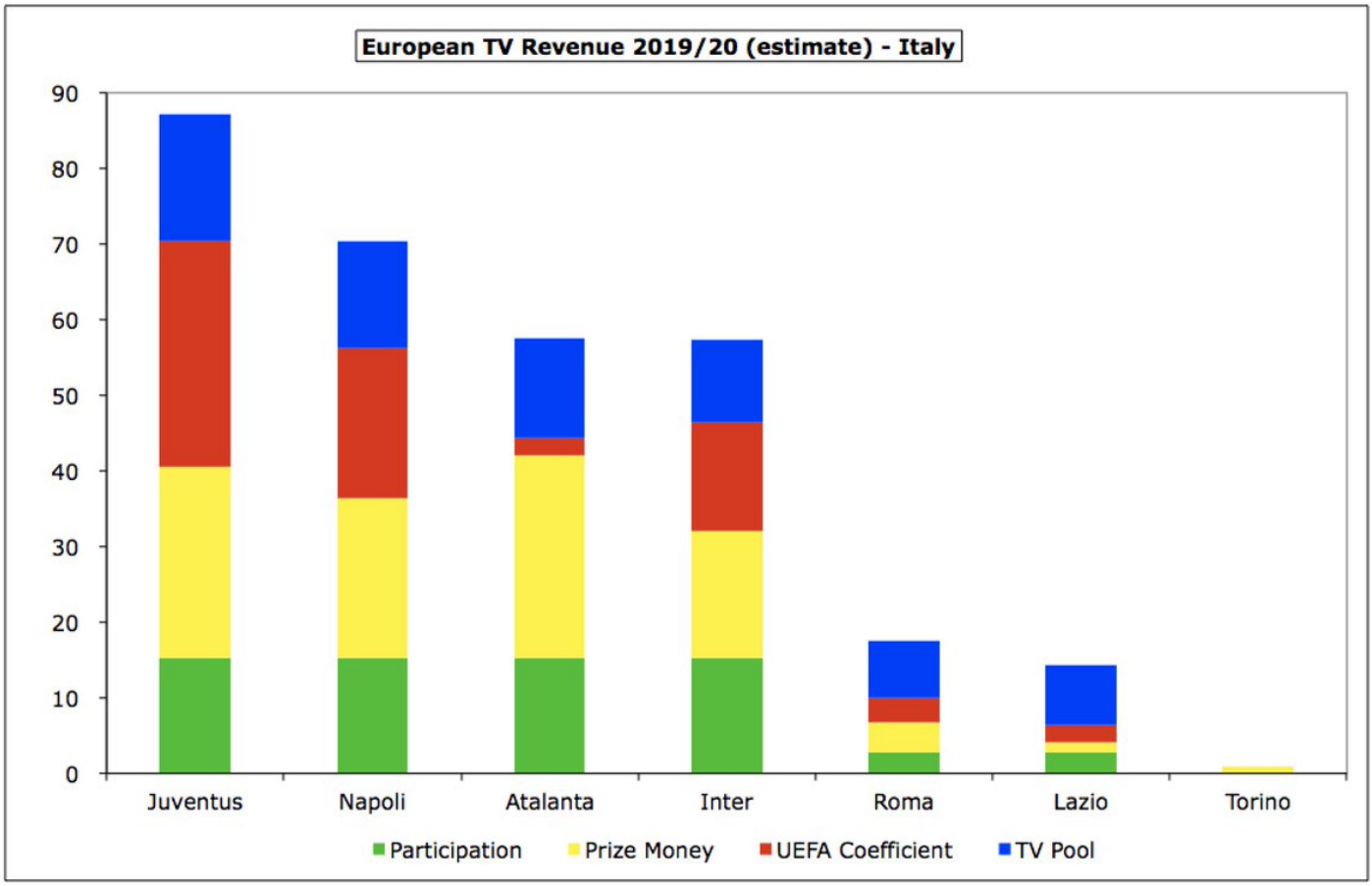
Source: mainly Calcio e Finanza

Prepared by @SwissRamble

It is imperative that #Milan qualify for Europe, ideally the Champions League, to boost their broadcasting income, as the TV rights in Serie A are relatively low. Indeed, there were big increases in England and Spain in 2019/20 and France in 2020/21, while Italy was unchanged.



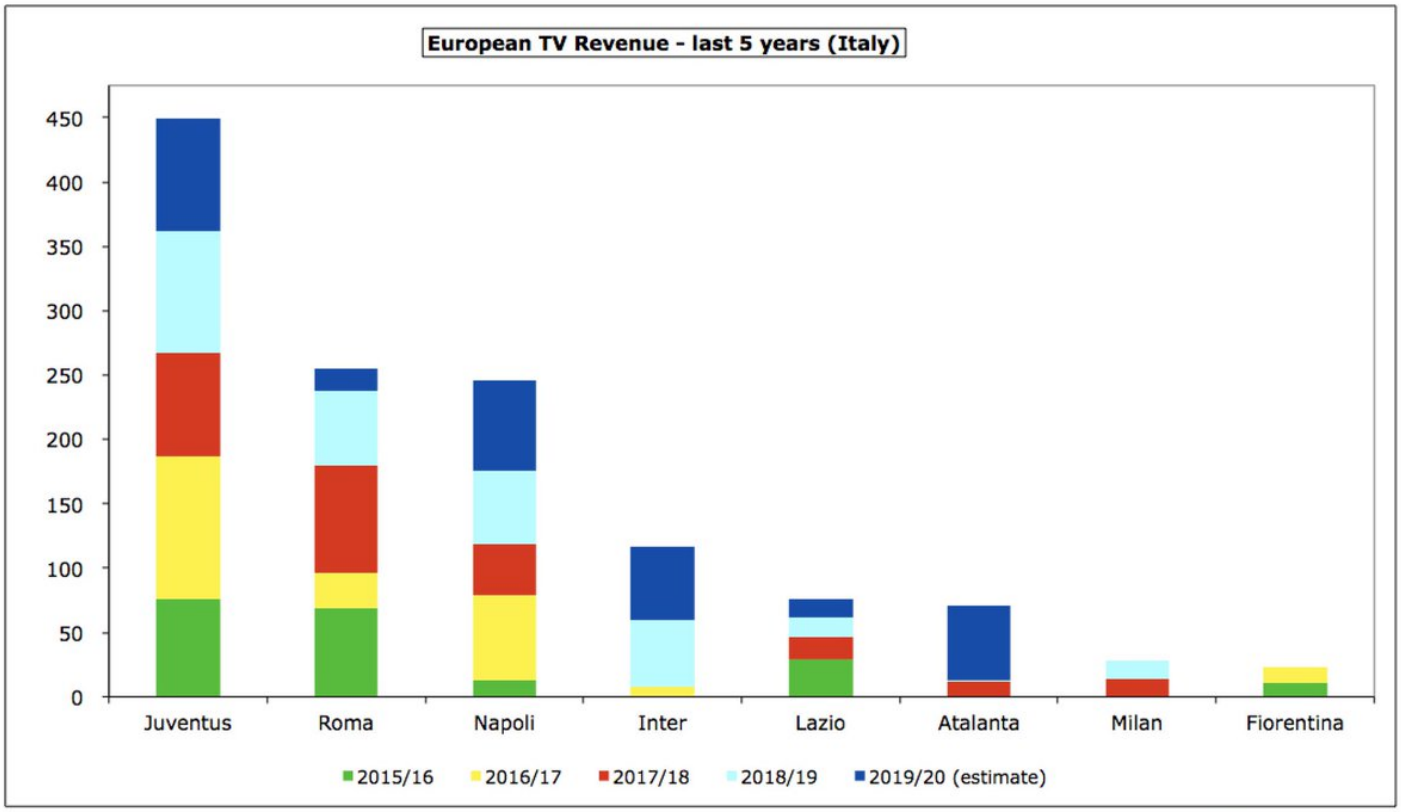
Although #Milan qualified for the Europa League, UEFA's FFP 1-year ban meant they could not participate in 2019/20, so lost out on €15m revenue (per 18/19). Other Italian clubs took advantage with highest earners being Juventus €87m, Napoli €70m, Atalanta €57m & Inter €57m.



	Champions League				Europa League		
	Last 16	Last 16	QF	Group (+ EL Final)	Last 16	Group	Play-Off
€ mlns	Juventus	Napoli	Atalanta	Inter	Roma	Lazio	Torino
Participation	15.3	15.3	15.3	15.3	2.8	2.8	
Prize Money	25.2	21.1	26.8	16.8	4.0	1.3	0.8
UEFA Coefficient	29.9	19.9	2.2	14.4	3.2	2.4	
TV Pool	16.7	14.2	13.2	10.8	7.6	8.0	
Total	**87.1**	**70.5**	**57.5**	**57.3**	**17.5**	**14.4**	**0.8**
By Competition							
Champions League	*87.1*	*70.5*	*57.5*	*43.9*			
Europa League				*13.4*	*17.5*	*14.4*	0.8

Prepared by @SwissRamble

#Milan have only received €29m from Europe in the last 5 years, miles behind Juventus €449m, Roma €255m and Napoli €246m, due to those clubs consistently qualifying for the Champions League in recent times. Last time Milan earned decent money from Europe was 2014 (€38m).

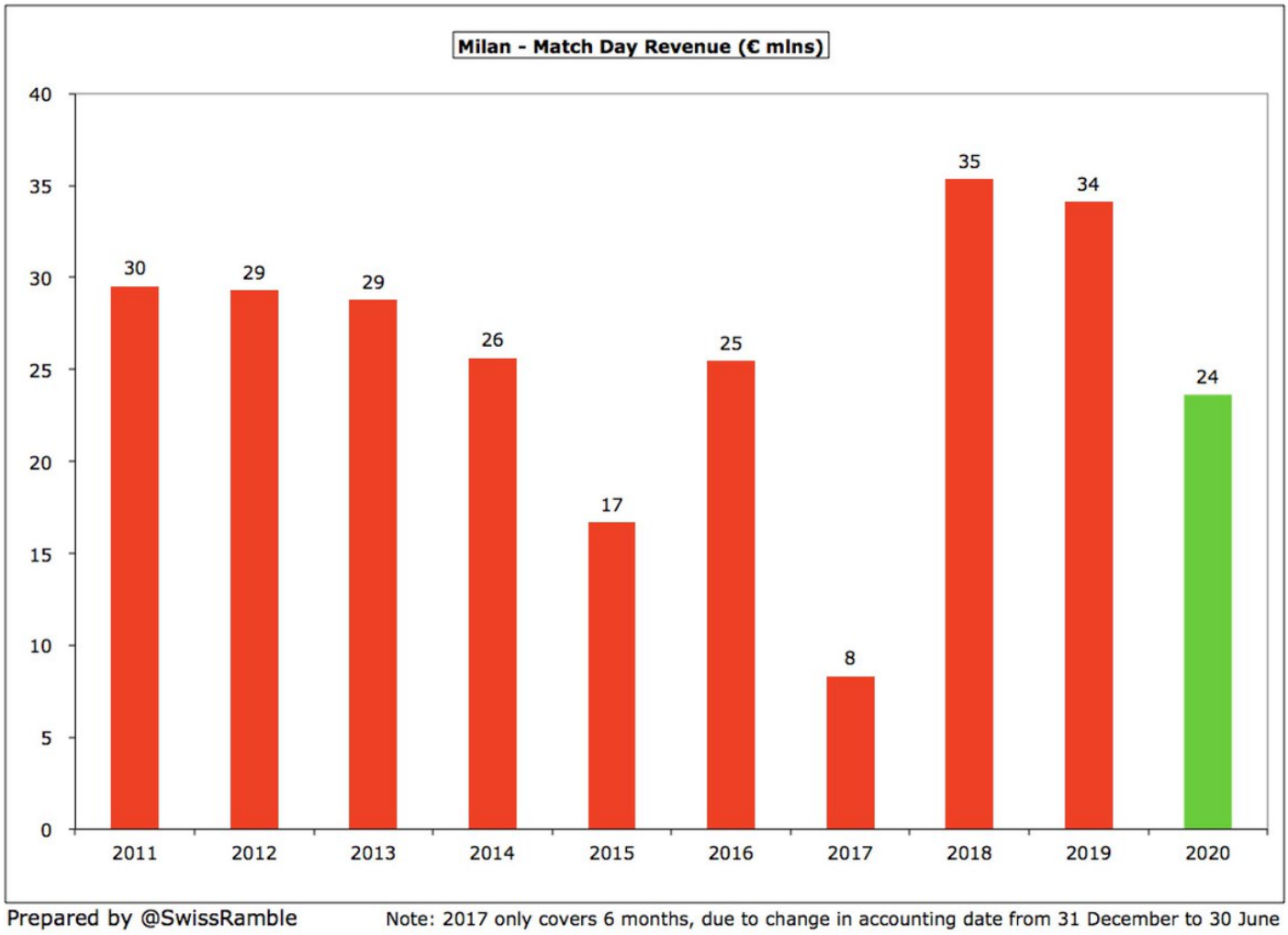


€ mlns	Juventus	Roma	Napoli	Inter	Lazio	Atalanta	**Milan**	Fiorentina
2015/16	76	68	13	-	29	-	-	11
2016/17	110	28	66	8	-	-	-	11
2017/18	80	84	40	-	17	12	**14**	-
2018/19	96	58	57	51	15	1	**15**	-
2019/20 (estimate)	87	18	70	57	14	57	-	-
Total	**449**	**255**	**246**	**117**	**76**	**71**	**29**	**23**

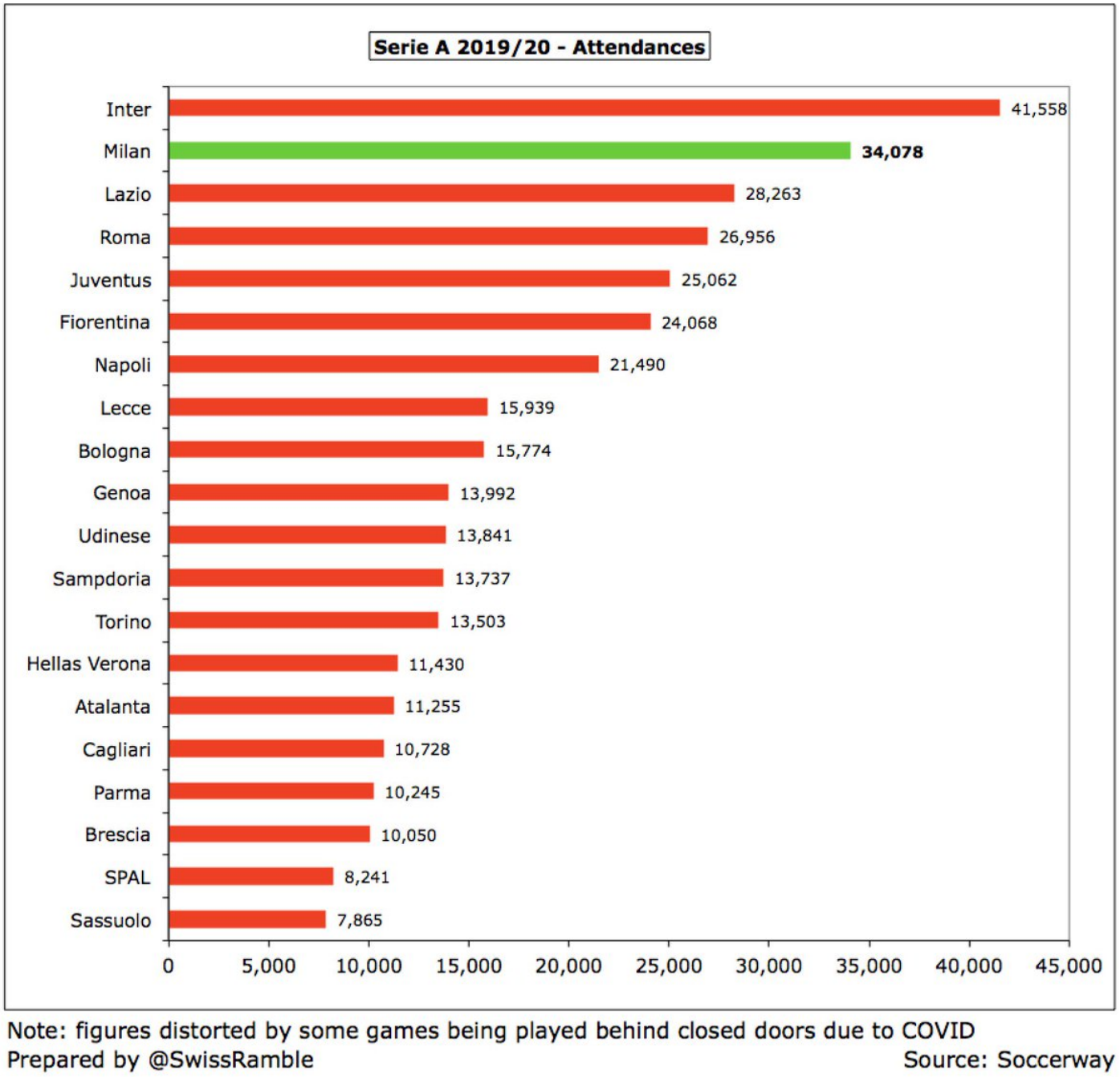
Prepared by @SwissRamble

Note: Champions League and Europe League combined

#Milan match day income fell €10m (30%) from €34m to €24m, with reductions in domestic €9m and Europe €1m. Adversely impacted by no European games and 6 home games behind closed doors, due to COVID. This was 3rd highest in Italy, far below Juventus €49m and Inter €44m.



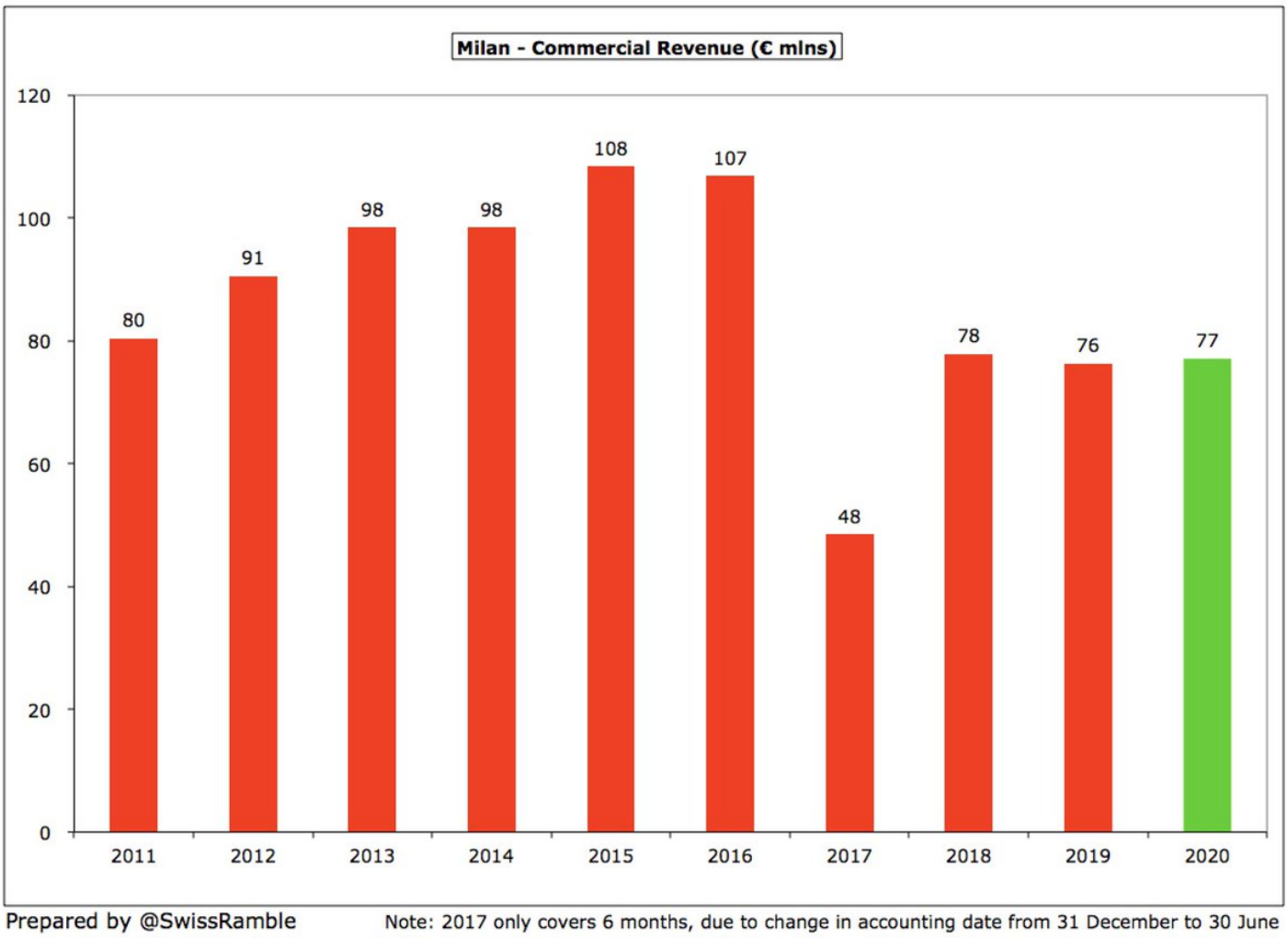
#Milan average attendance decreased from 54,639 to 34,078, again due to 6 games being played behind closed doors. This remained the 2nd highest in Italy, only below Inter 41,558, though ahead of Lazio 28,263, Roma 26,956 and Juventus 25,062, who all saw similar falls to Milan.



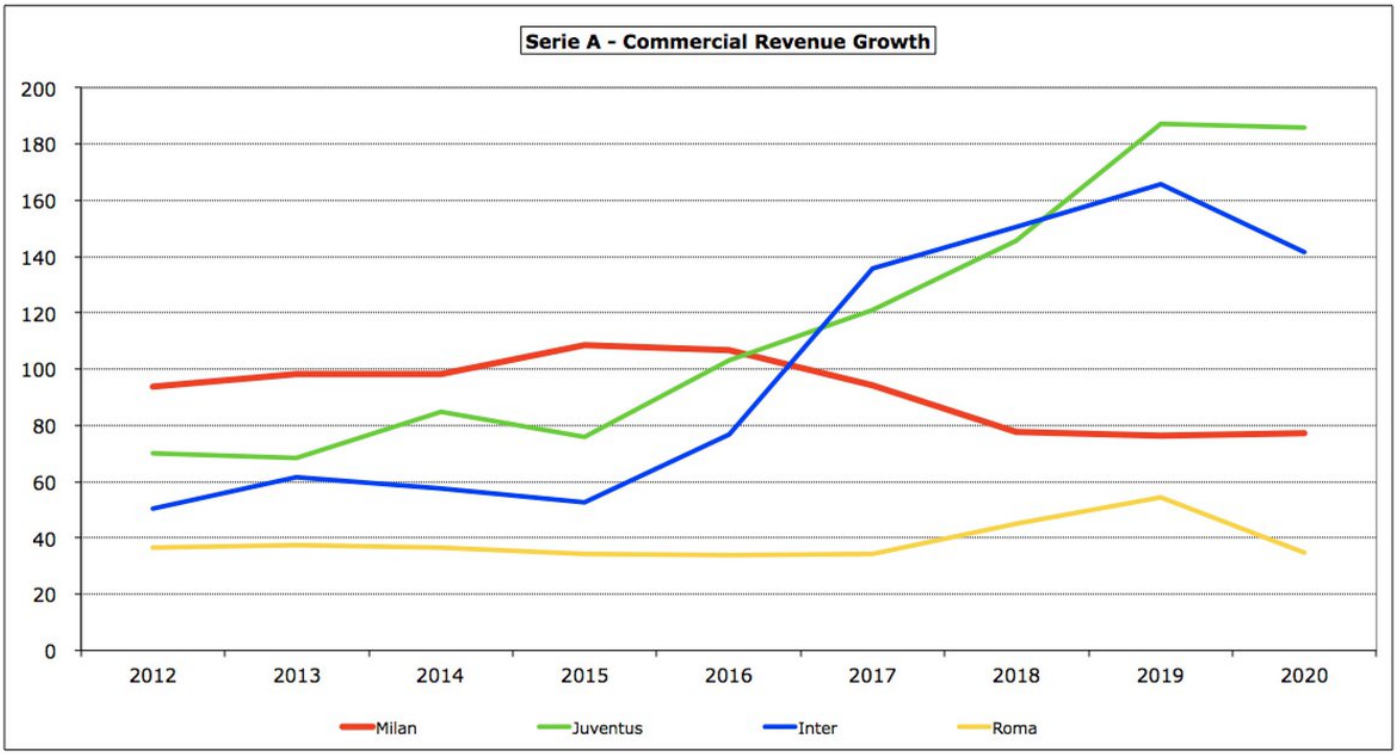
Note: figures distorted by some games being played behind closed doors due to COVID
Prepared by @SwissRamble Source: Soccerway

#Milan and Inter have been working on a joint project to build a new stadium. A plan has been approved by the council, though it required some modifications, which will preserve part of the iconic San Siro. Discussions continue, but chief executive Ivan Gazidis is “optimistic”.

#Milan commercial revenue rose €1m (1%) to €77m, as small falls in sponsorship and publicity were offset by other income. This is the third highest in Italy, but is significantly behind Juventus €186m and Inter €142m, as Milan have lost much of their brand appeal.



Just 4 years ago #Milan's commercial income was the highest in Italy, but it has dropped €30m since then, while Juve and Inter have grown by €83m and €65m in the same period. Milan's revenue has been flat for last 3 seasons. This is an area that Gazidis will look to improve.



€ mlns	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth over 2016	
Milan	**94**	**98**	**98**	**108**	**107**	**94**	**78**	**76**	**77**	**(30)**	**(28)%**
Juventus	70	68	85	76	103	121	146	187	186	83	81%
Inter	50	62	58	53	77	136	151	166	142	65	85%
Roma	37	37	36	34	34	34	45	55	35	1	3%

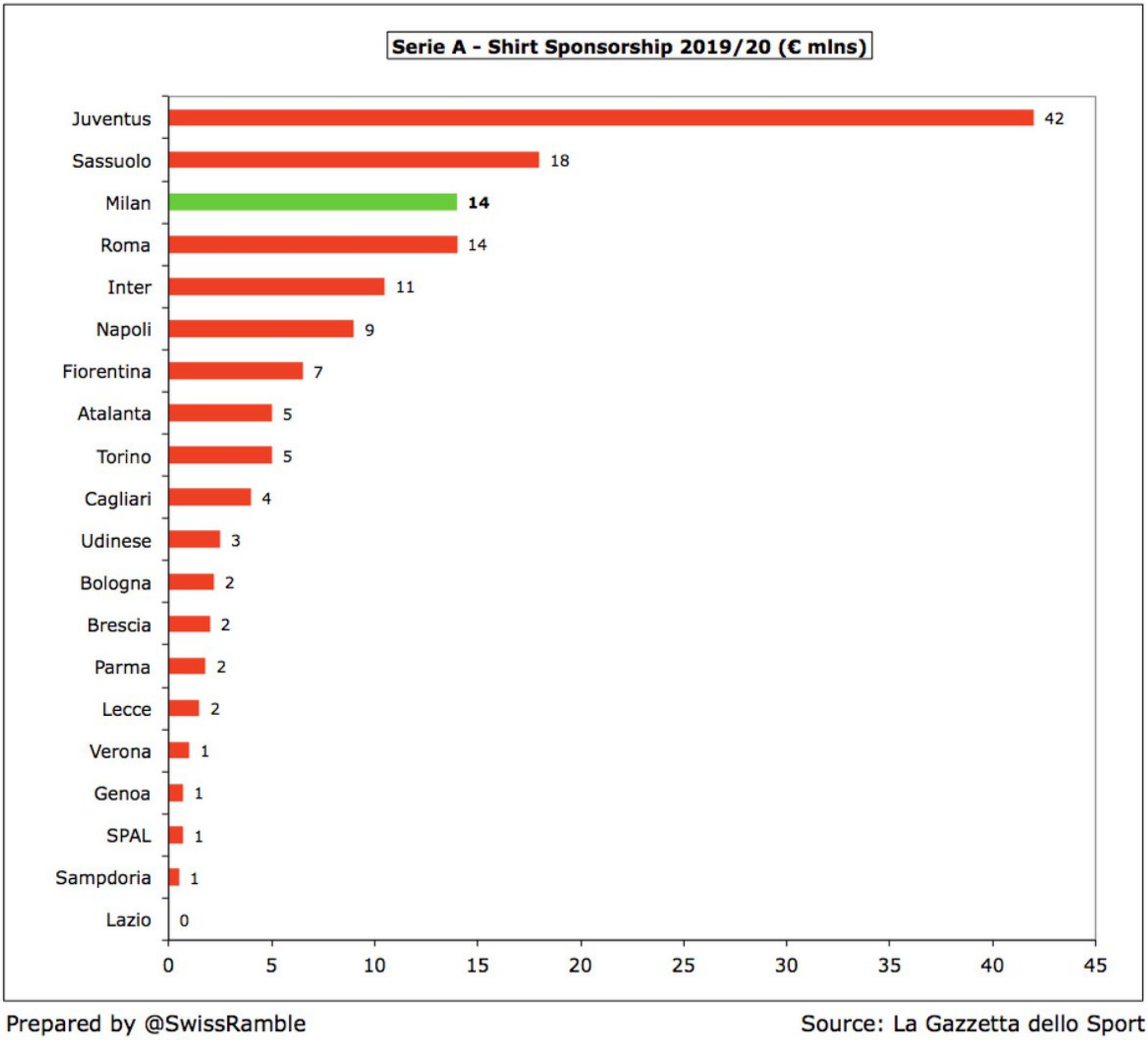
Memo

Milan vs Juventus	24	30	13	32	**4**	(27)	(68)	(111)	**(109)**	**(113)**	

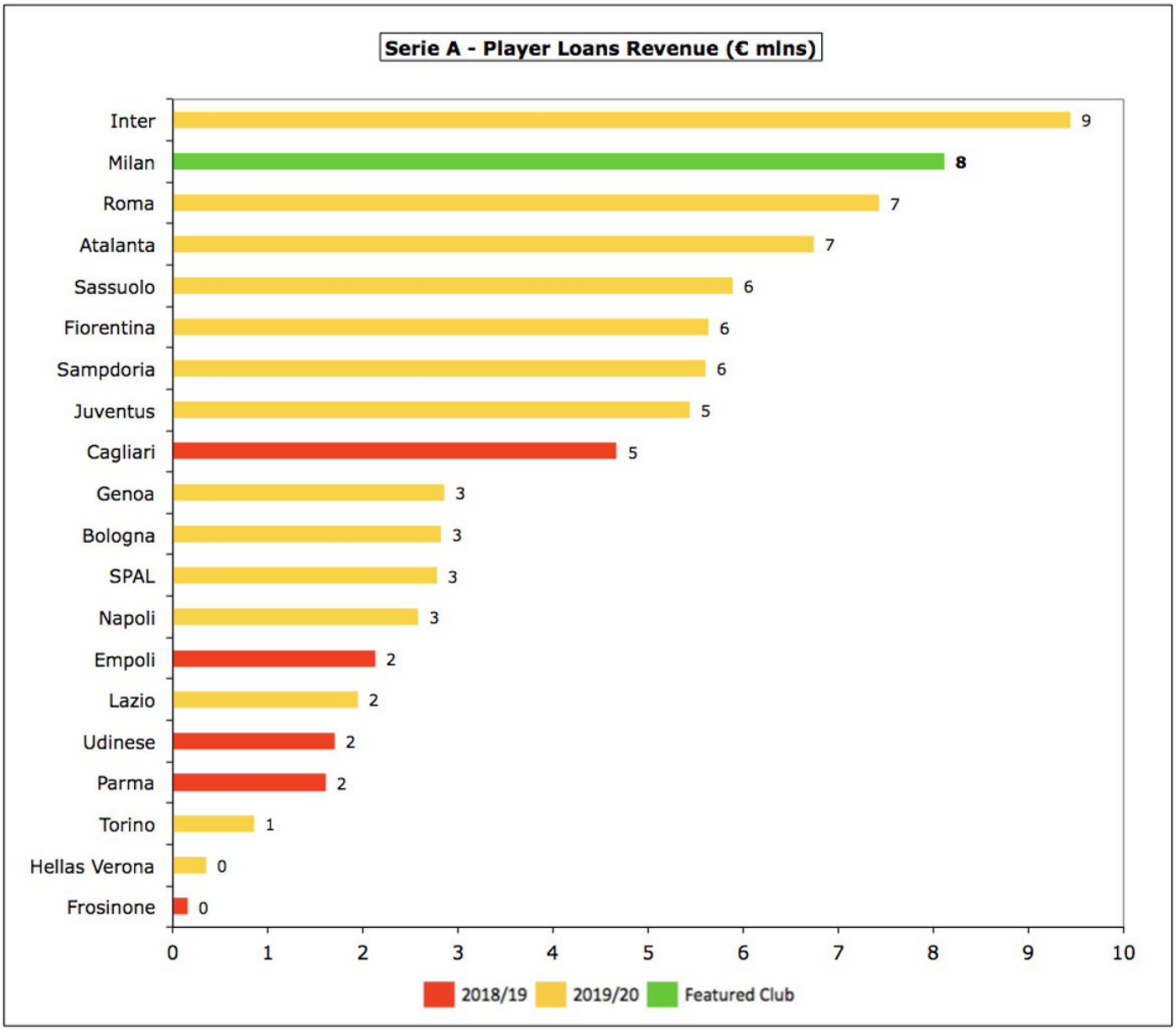
Note: figures from club accounts: Milan 2017 was only 6 months, but club has prepared a pro-forma comparative

Prepared by @SwissRamble

#Milan Emirates shirt sponsorship has been extended to 2023 at €10m, less than previous €14m, but can now sell training, sleeve and women's deals separately. Much lower than Juve's Jeep deal, recently increased to €45m. Puma kit deal is worth €11m, also running to 2023.

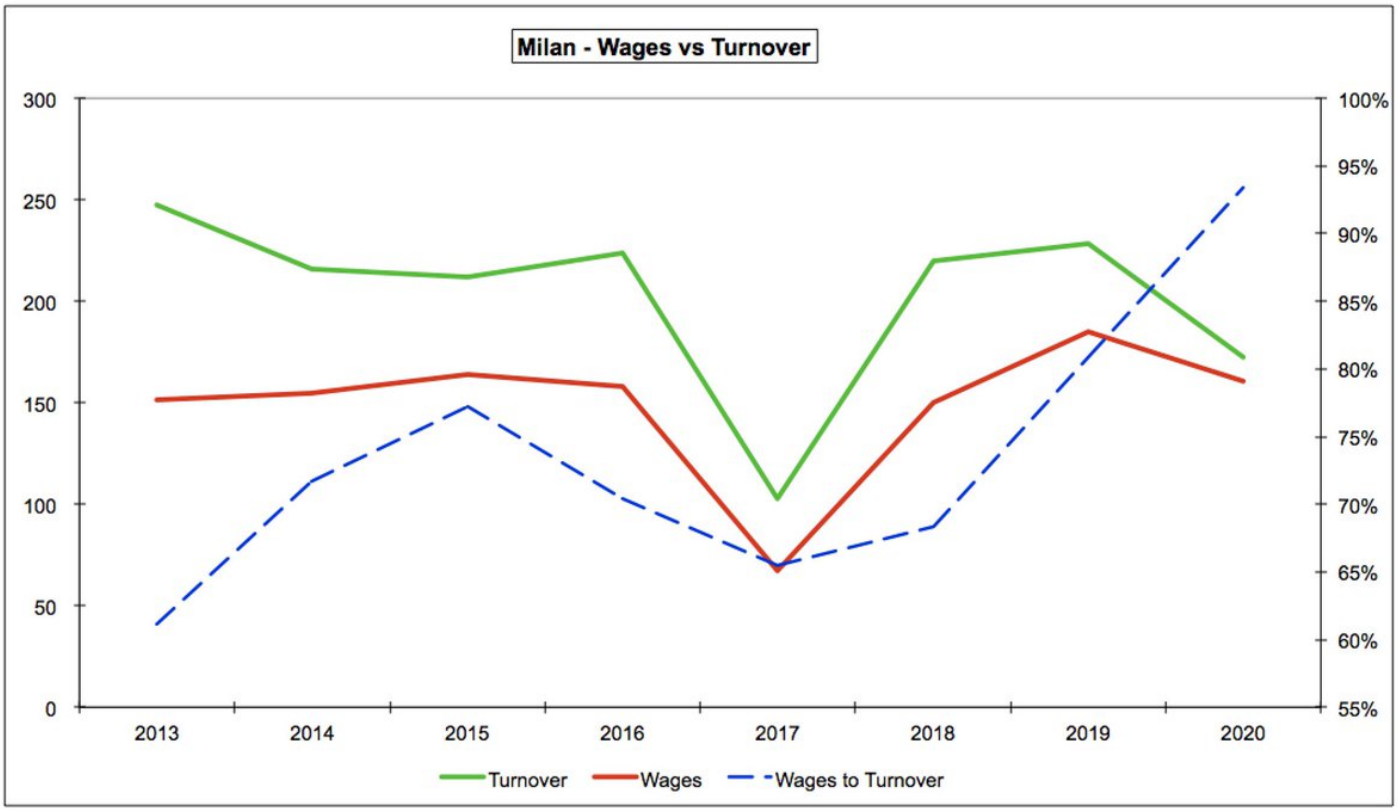


#Milan income from player loans income fell from €13m to €8m, mainly Gustavo Gomez (Palmeiras), Suso (Sevilla) and Diego Laxalt (Torino). This is an important revenue stream for some Italian clubs with Milan only behind Inter's €9m, but ahead of Roma and Atalanta, both €7m.



Note: all accounts to 30 June, except Atalanta, Fiorentina, Genoa, Sampdoria, Sassuolo, SPAL and Torino (to 31 December)
Prepared by @SwissRamble

#Milan wage bill fell €24m (13%) from €185m to €161m, but wages to turnover ratio increased from 81% to 93% following the steep revenue reduction. In response to the pandemic, the first team squad did not take a salary for the month of April, equivalent to a €3.9m cut.

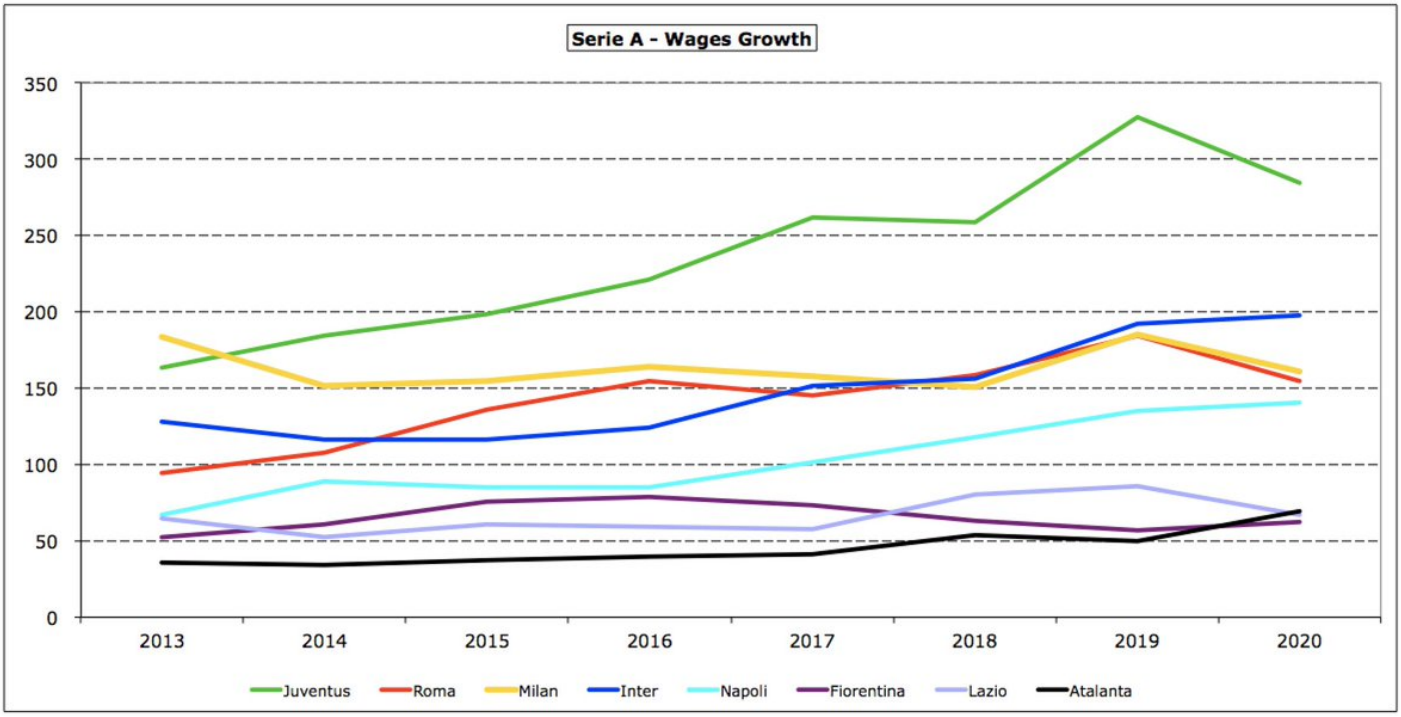


€ mlns	2013	2014	2015	2016	2017	2018	2019	2020	Growth since 2015	
					6 mths					
Turnover	247	216	212	224	103	220	228	172	(40)	(19)%
Wages	151	155	164	158	67	150	185	**161**	(3)	(2)%
Wages to Turnover	61%	72%	77%	70%	65%	68%	81%	**93%**	16%	

Note: 2017 only covers 6 months, due to change in accounting date from 31 December to 30 June

Prepared by @SwissRamble

Since 2016 #Milan wages have slightly reduced, while there have been significant increases at most of their rivals, e.g. Inter €74m, Juventus €63m and Napoli €56m. Only Roma have seen a comparable lack of wages growth over this period.

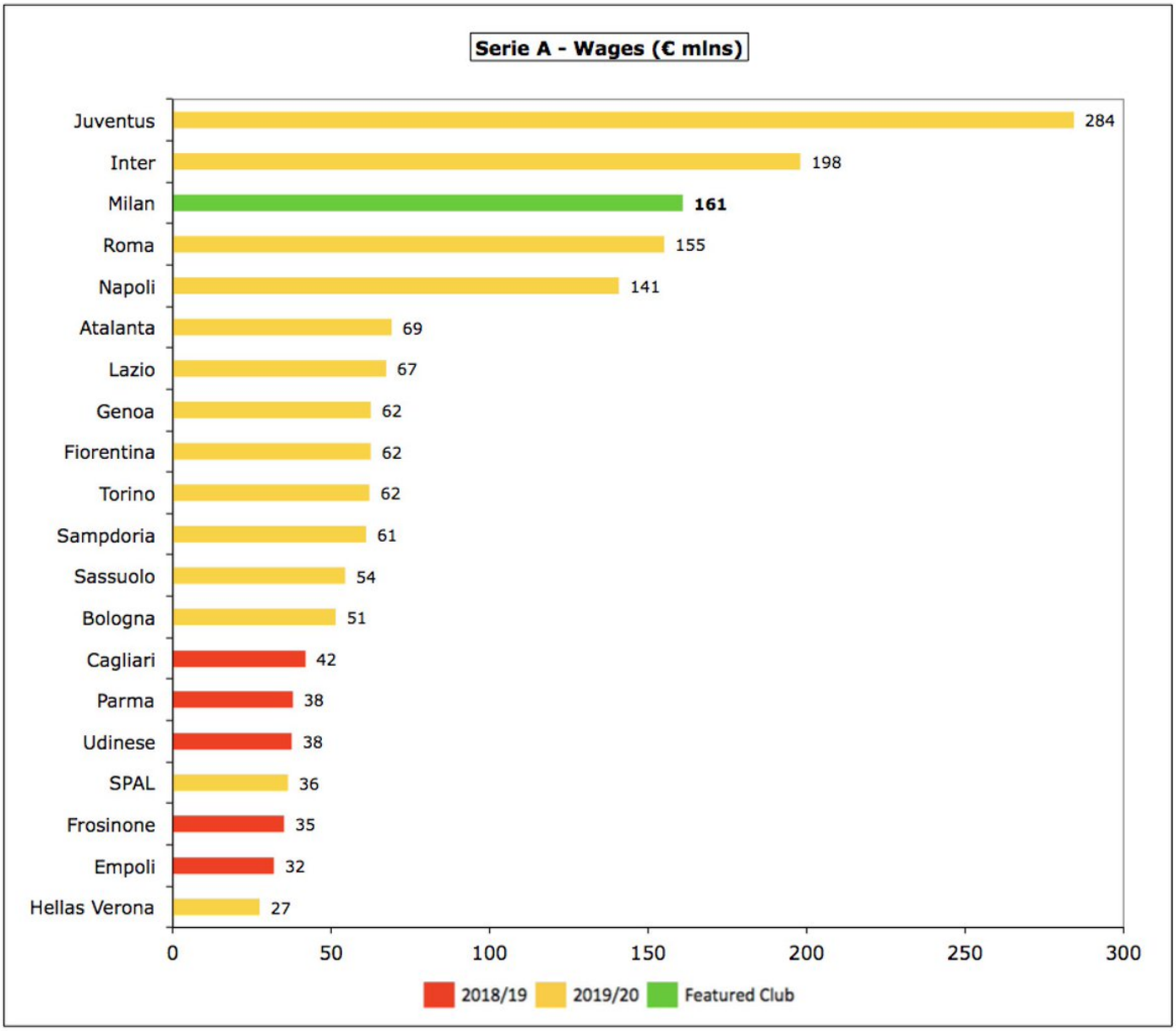


€ mlns	2013	2014	2015	2016	2017	2018	2019	2020	Growth over 2016	
Juventus	163	184	198	221	262	259	328	284	63	28%
Roma	94	108	136	155	145	159	184	155	0	0%
Milan	**184**	**151**	**155**	**164**	**158**	**150**	**185**	**161**	**(3)**	**(2)%**
Inter	128	116	116	124	151	156	193	198	74	59%
Napoli	67	89	85	85	102	118	135	141	56	65%
Fiorentina	52	60	76	79	73	63	57	62	(16)	(21)%
Lazio	64	52	61	59	57	80	86	67	8	14%
Atalanta	36	34	37	40	41	54	50	69	29	74%

Prepared by @SwissRamble

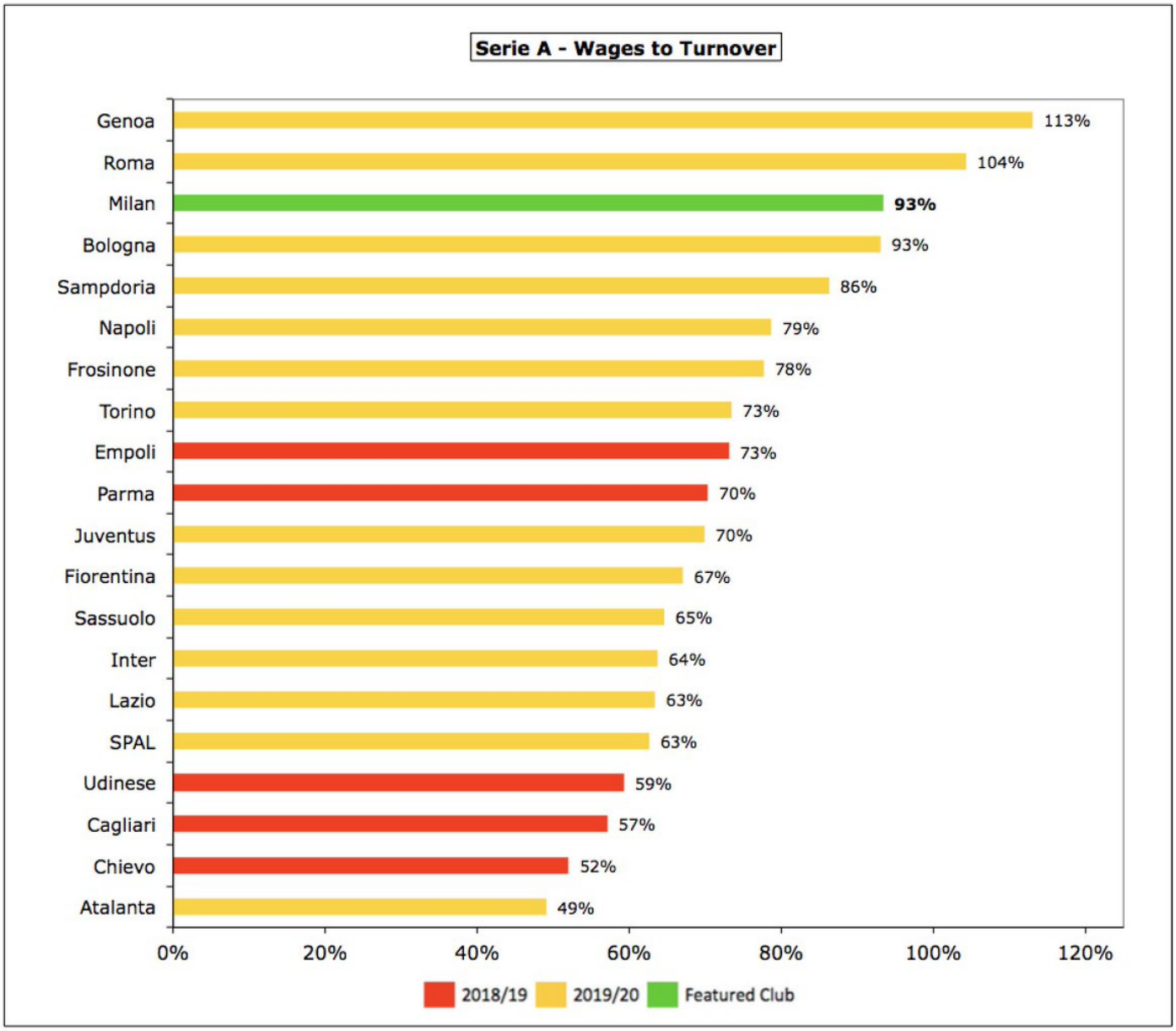
Note: adjusted for Milan's 2017 accounts only covering 6 months, due to change in accounting date

Nevertheless, #Milan €161m wage bill is still the third highest in Italy, just ahead of Roma €155m and Napoli €141m. However, they are a long way below Juventus €284m and Inter €198m.



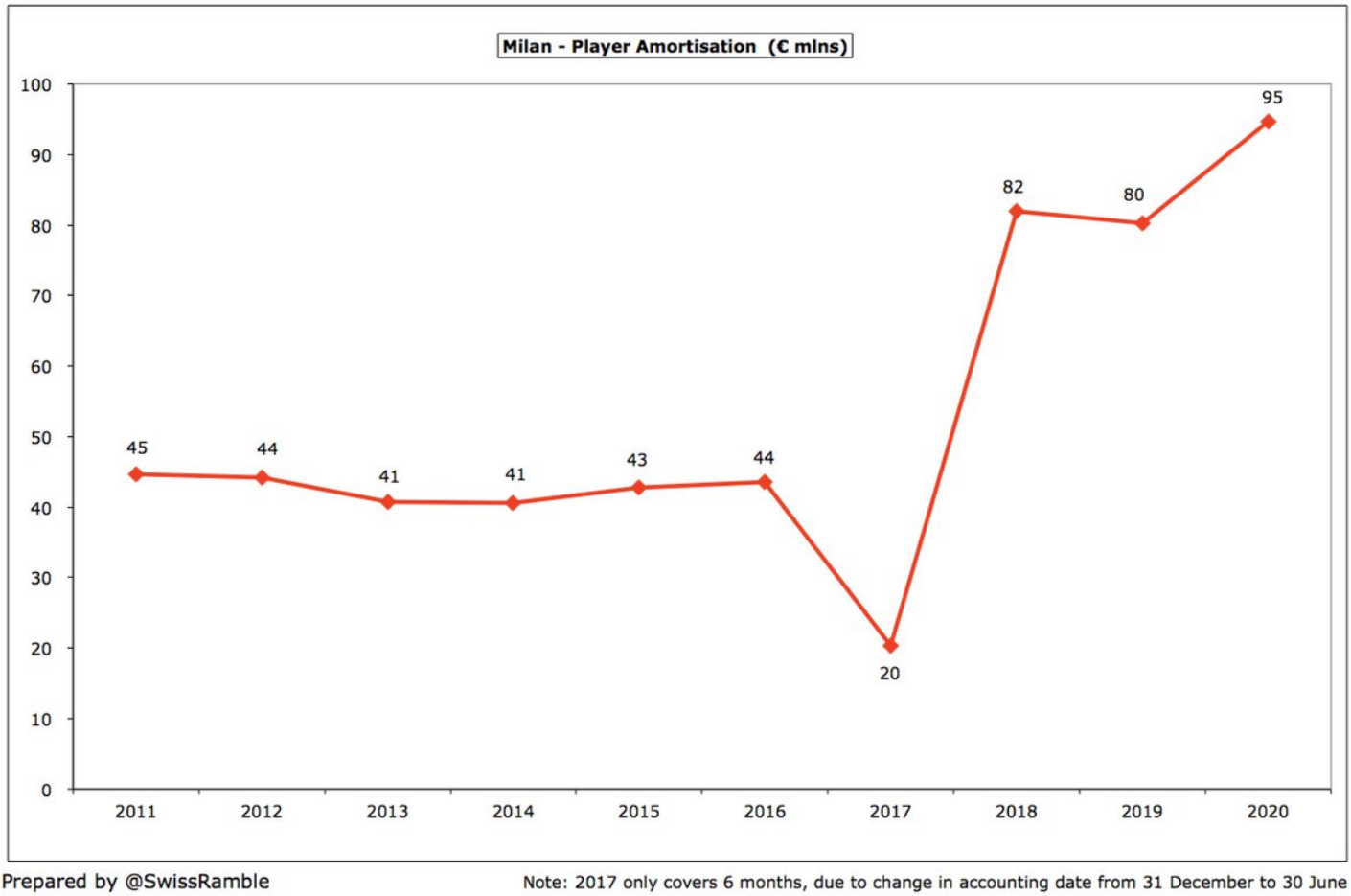
Note: all accounts to 30 June, except Atalanta, Fiorentina, Genoa, Sampdoria, Sassuolo, SPAL and Torino (to 31 December)
Prepared by @SwissRamble

#Milan wages to turnover ratio of 93% is 3rd highest in Italy, only surpassed by Genoa and Roma. This is a lot higher than Napoli 79%, Juventus 70% and Inter 64%. As Gazidis said, “we have to bring our wage bill down, while increasing performance, which is not easy to do.”

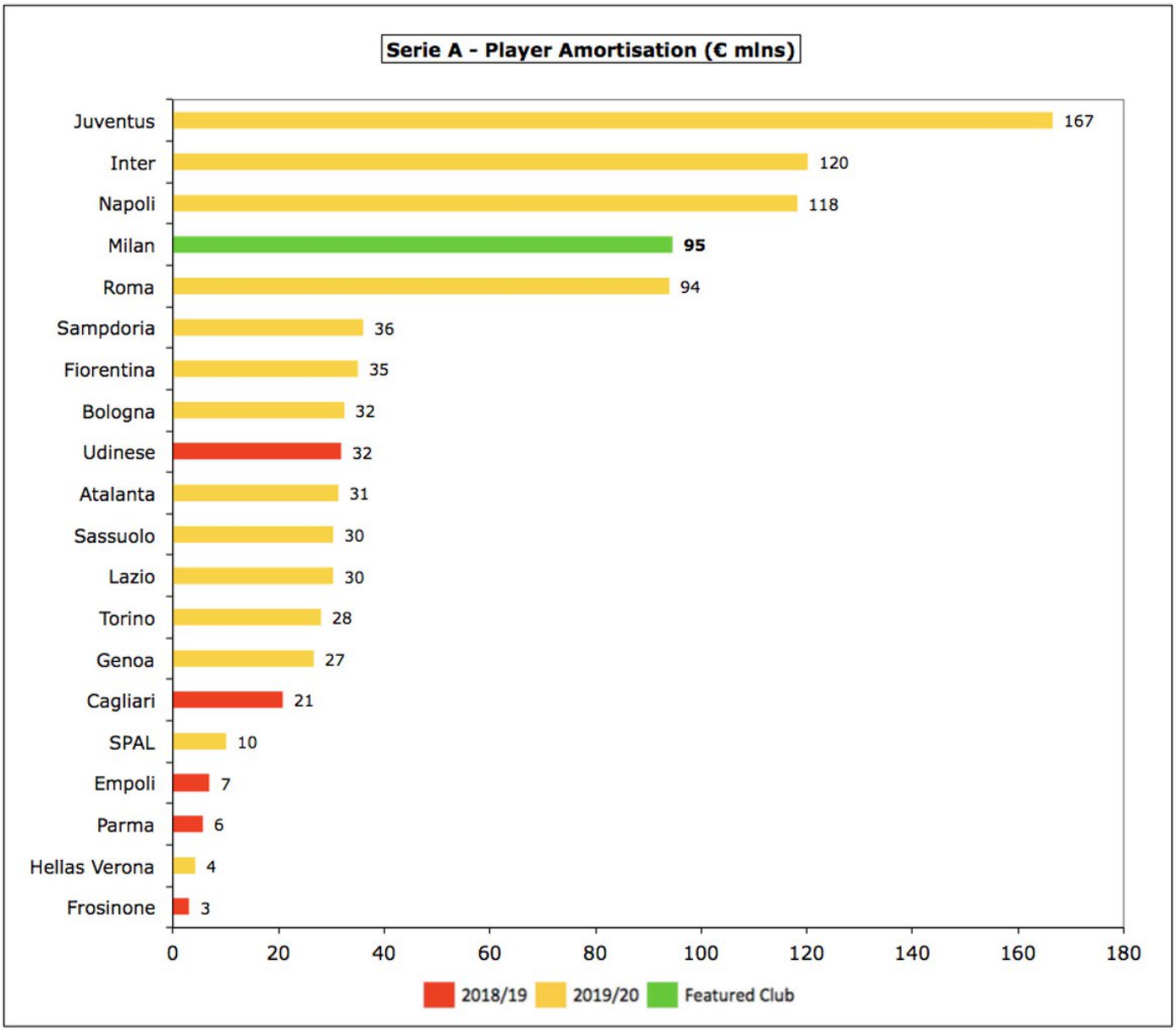


Note: all accounts to 30 June, except Atalanta, Fiorentina, Genoa, Sampdoria, Sassuolo, SPAL and Torino (to 31 December)
Prepared by @SwissRamble

#Milan player amortisation, the annual cost of writing-off transfer fees, rose €15m (18%) from €80m to €95m, which means this expense has more than doubled in 4 years (from €44m in 2016). Talk of using recent law to suspend this charge in 20/21 accounts (deferred to future).

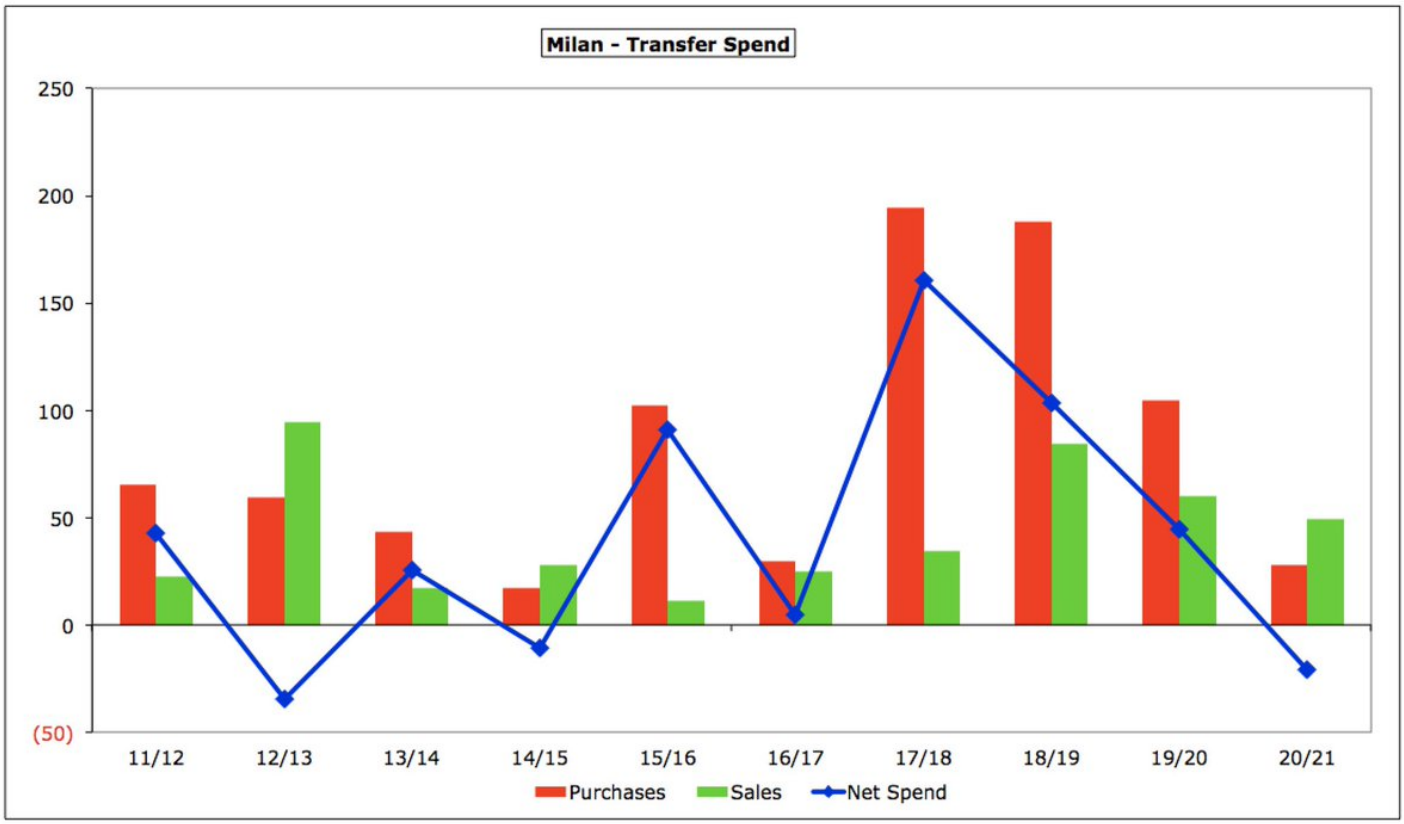


As a result, #Milan player amortisation of €95m is the fourth highest in Italy, just ahead of Roma €94m, though still a fair way behind Juventus €167m, Inter €120m and Napoli €118m.



Note: all accounts to 30 June, except Atalanta, Fiorentina, Genoa, Sampdoria, Sassuolo, SPAL and Torino (to 31 December)
Prepared by @SwissRamble

#Milan have really ramped up their expenditure in the transfer market with net spend of €287m in the last 4 years (gross €515m), though they put on the brakes this season. In 2019/20 acquired Leao €30m, Theo Hernandez €22m, Bennacer €16m, Duarte €11m and Krunic €9m.

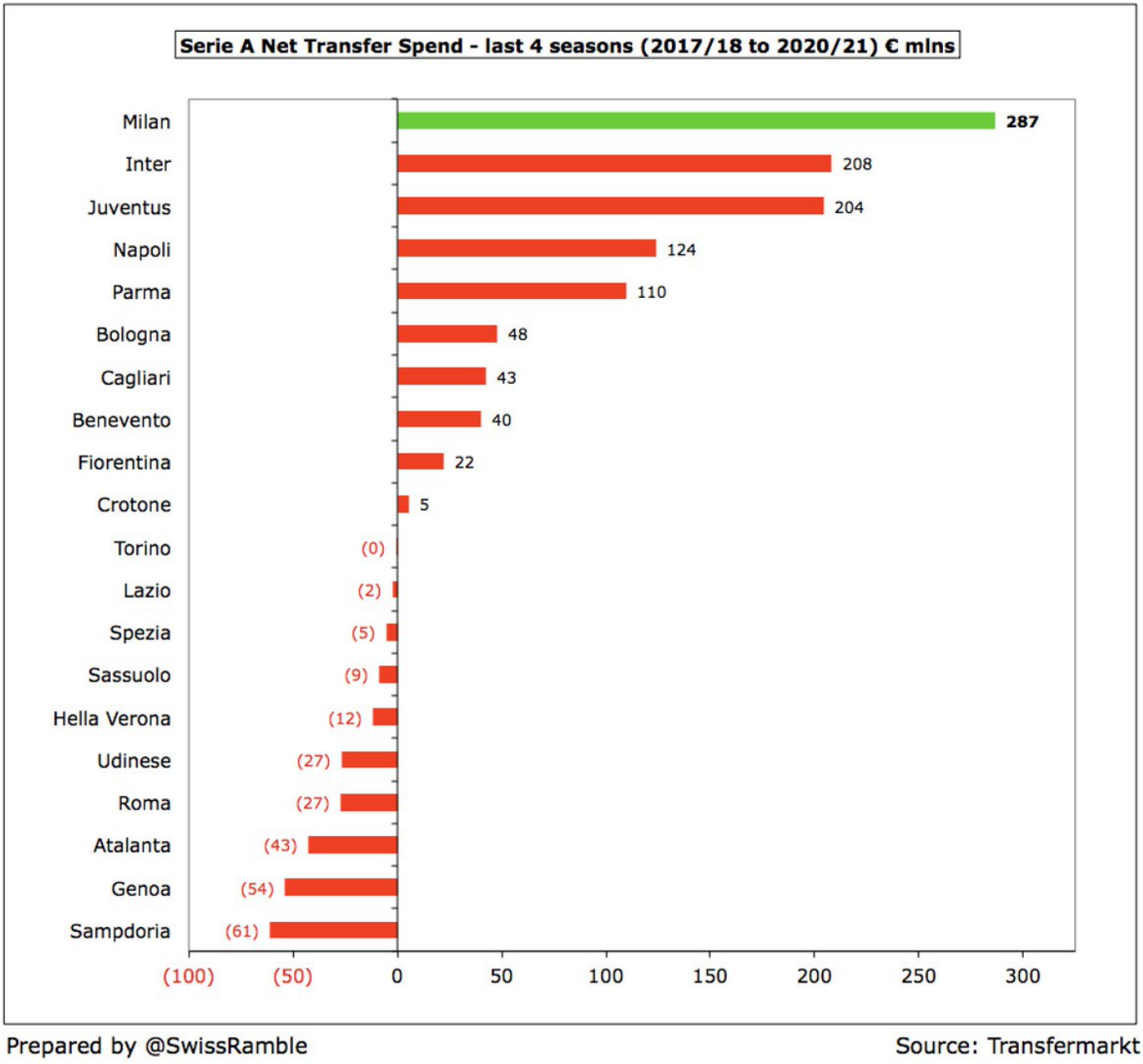


€ mlns	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	Annual Averages 12-17	Annual Averages 18-21
Purchases	65	60	43	17	102	30	194	188	105	28	53	129
Sales Proceeds	22	95	17	28	11	25	34	85	60	49	33	57
Net Transfer Spend	**43**	**(35)**	**26**	**(11)**	**91**	**4**	**160**	**103**	**44**	**(21)**	**20**	**72**

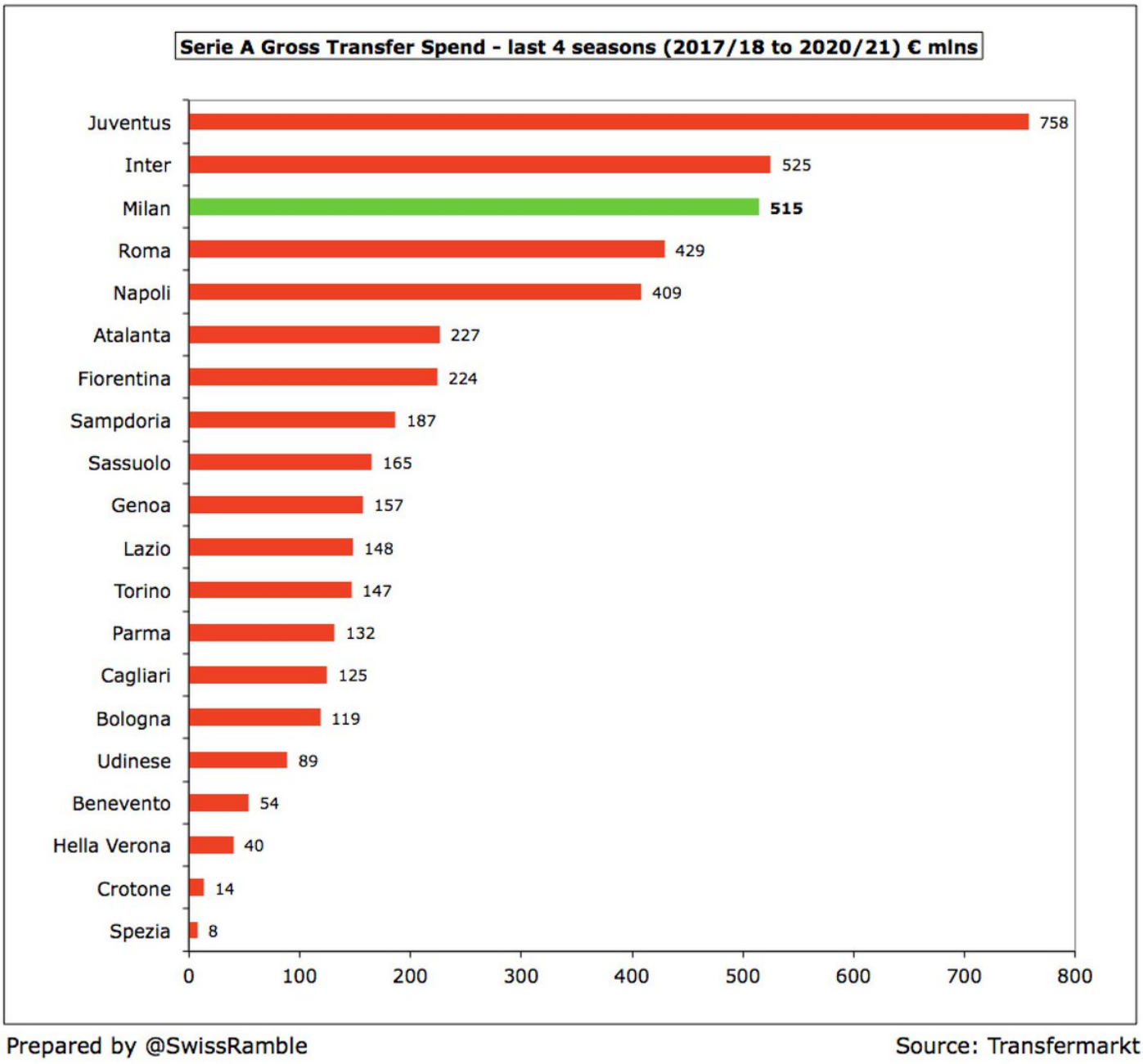
Prepared by @SwissRamble

Source: Transfermarkt

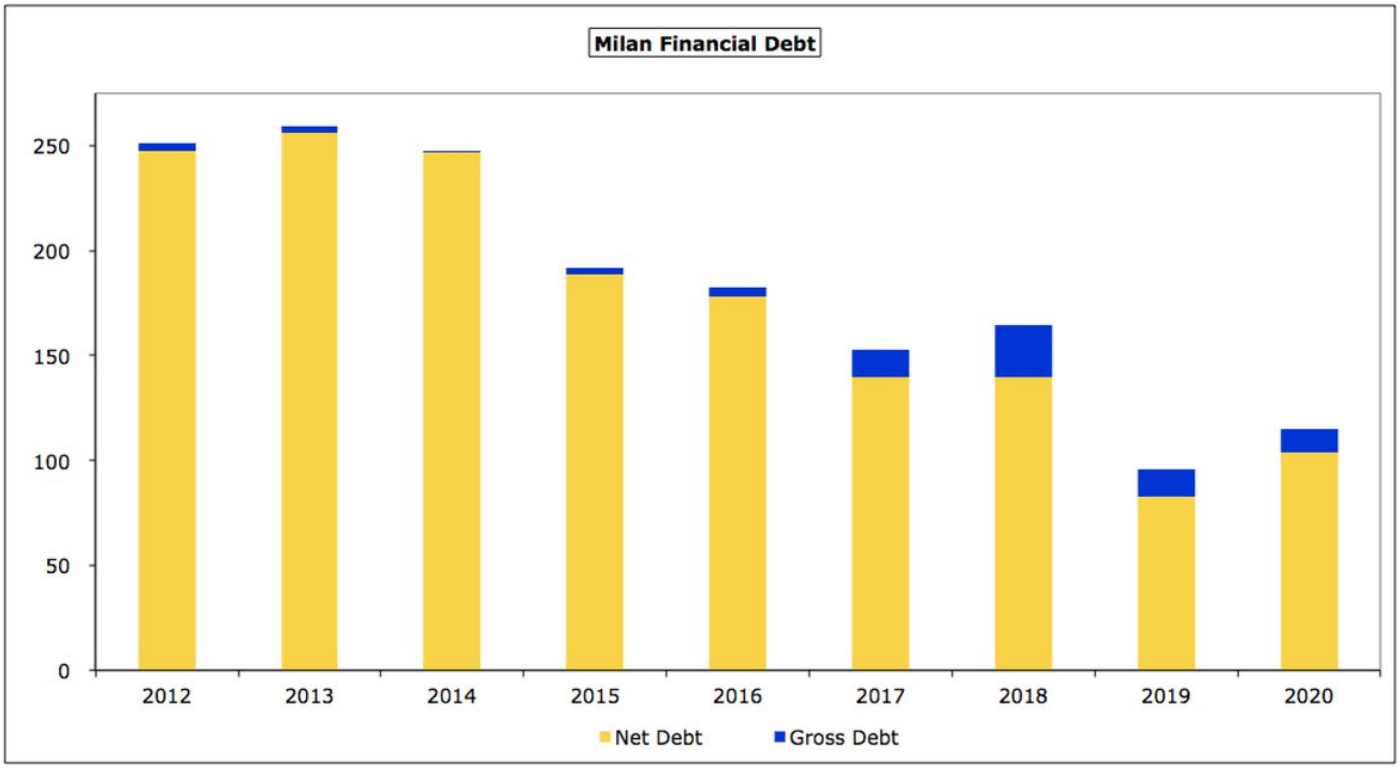
In fact, over the last 4 seasons up to 2020/21, #Milan have the highest net spend in Serie A with their €287m well ahead of Inter €208m, Juventus €204m and Napoli €124m. In contrast, Atalanta and Roma had net sales of €43m and €27m respectively.



However, in terms of gross spend, #Milan €515m were outpaced by both Juventus €758m (partly the Ronaldo factor) and Inter €525m. In 2020/21 player purchases were only €28m, including Tonali (loan), Hauge, Rebic, Saelemaekers and Kjaer.



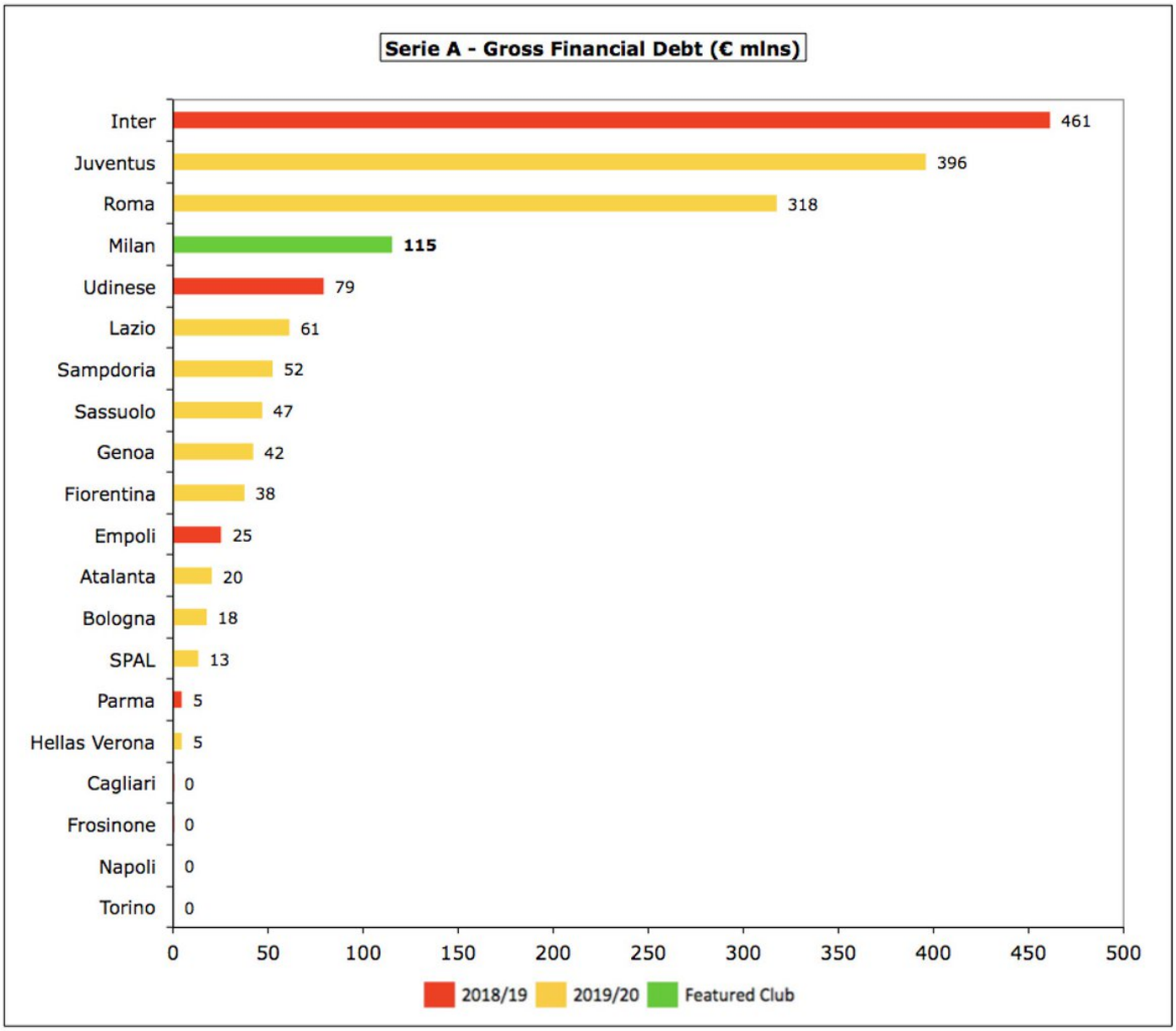
#Milan gross debt increased by €19m from €96m to €115m, which is due to a factoring deal with Unicredit linked to future TV revenue. Elliott repaid the bonds and shareholder loans from the previous Chinese ownership a couple of years ago.



€ mlns	2012	2013	2014	2015	2016	2017	2018	2019	2020
Bonds						74	117		
Shareholder Loans	9	9				10	10		
Bank Loans	107	144	141	53	73	0	1	1	0
Other Financial Liabilities	135	106	107	139	109	68	37	94	115
Gross Debt	**251**	**260**	**248**	**192**	**182**	**153**	**164**	**96**	**115**
Cash	**4**	**3**	**1**	**3**	**4**	**13**	**25**	**13**	**11**
Net Debt	**247**	**256**	**247**	**189**	**178**	**140**	**139**	**83**	**104**

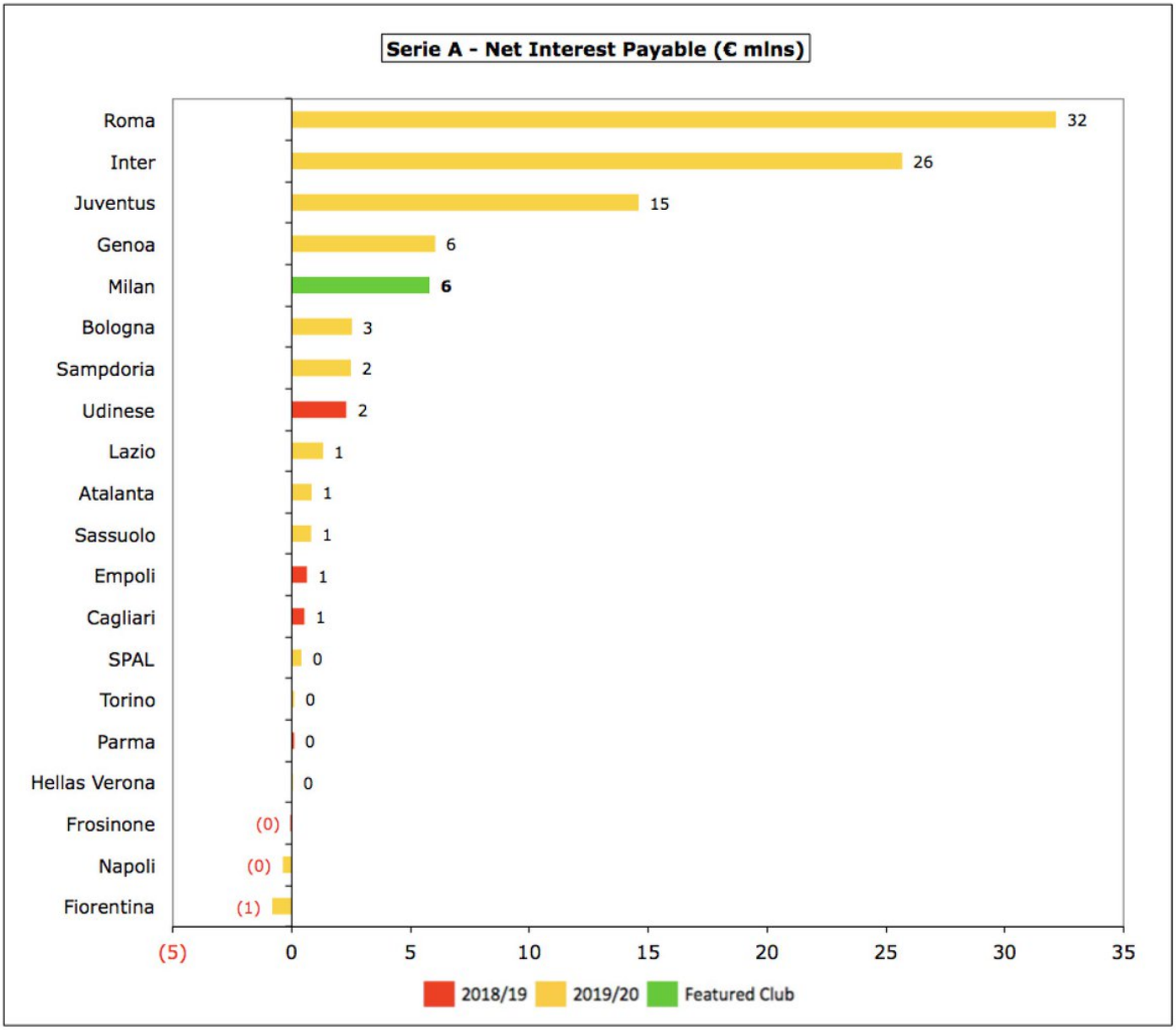
Prepared by @SwissRamble

#Milan €115m gross financial debt is by no means the highest in Italy, and is below Inter €461m (Goldman Sachs financing), Juventus €396m (mainly for new stadium) and Roma €318m (mainly bond issue). Milan's debt was as high as €260m in 2013.



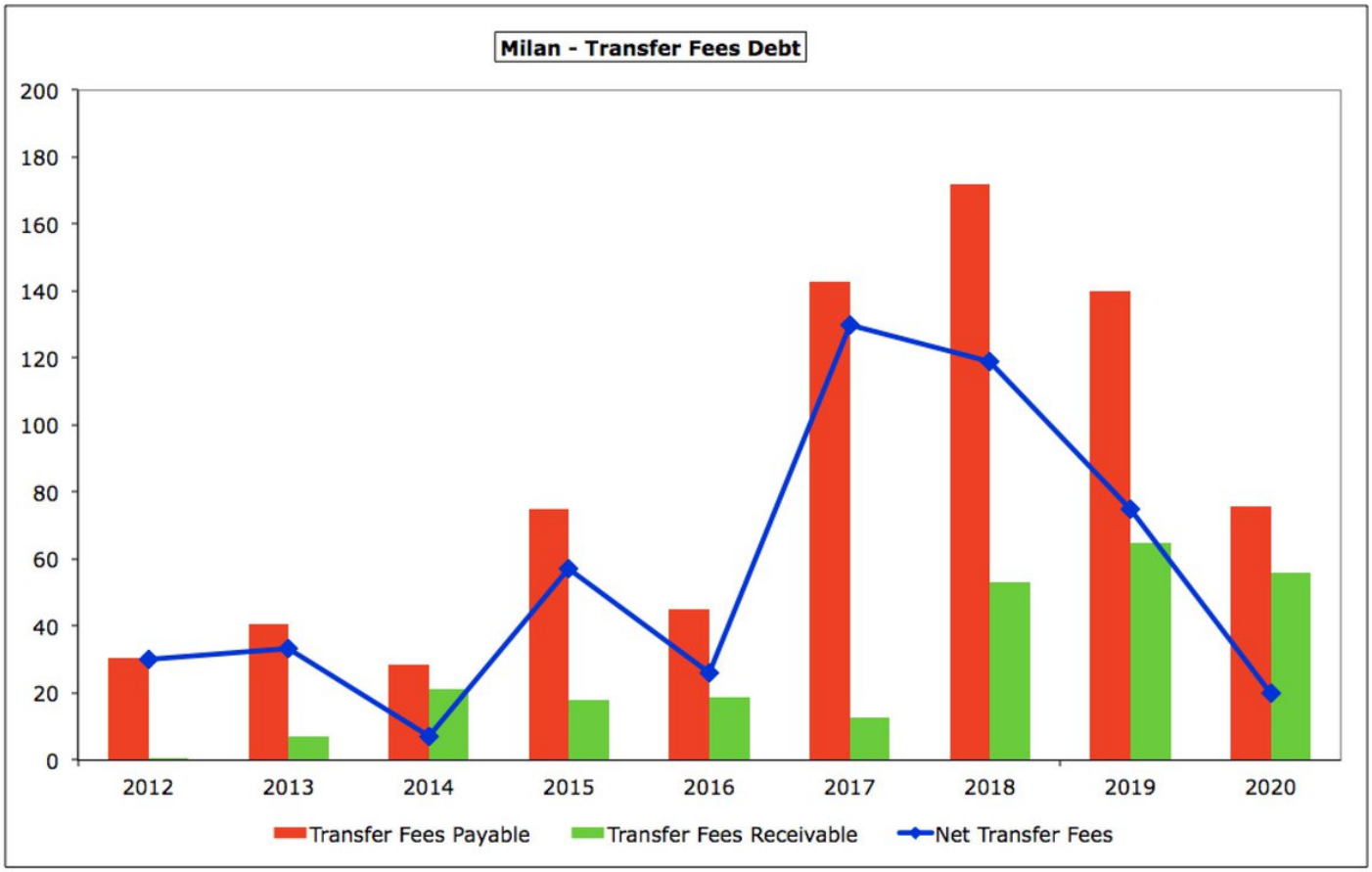
Note: all accounts to 30 June, except Atalanta, Fiorentina, Genoa, Sampdoria, Sassuolo, SPAL and Torino (to 31 December)
Prepared by @SwissRamble

Thanks to Elliott's early repayment of the bonds, #Milan net interest payable is down to €6m (from prior year's €10m), a lot better than Roma €32m, Inter €26m and Juventus €15m. The rossoneri have reduced this expense from €23m in 2018, which is a positive from the owners.



Note: all accounts to 30 June, except Atalanta, Fiorentina, Genoa, Sampdoria, Sassuolo, SPAL and Torino (to 31 December)
Prepared by @SwissRamble

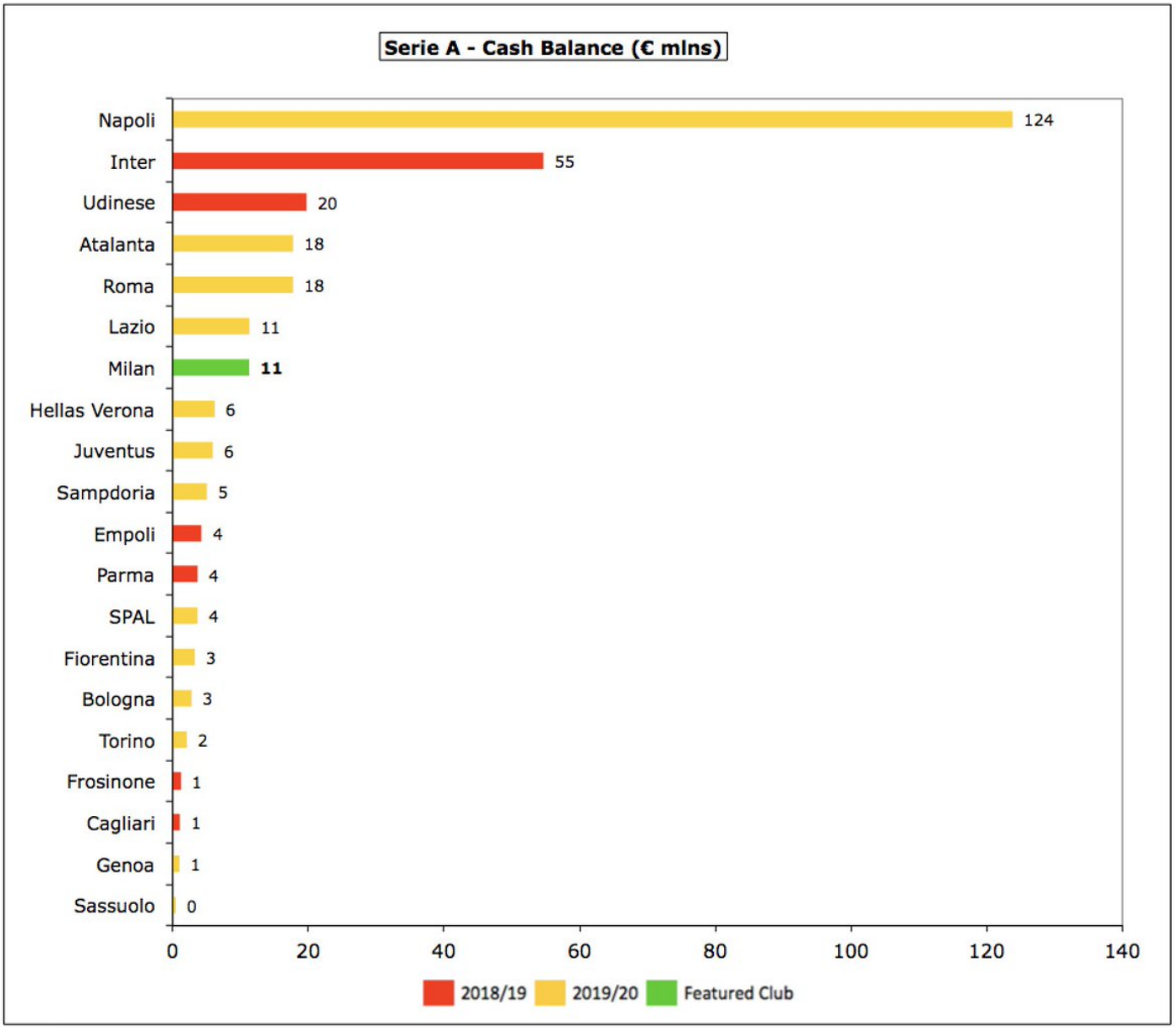
#Milan have also been successful in reducing gross transfer debt in last 2 years from €172m to €76m, falling from €119m to just €20m on a net basis, i.e. considering amounts owed by other clubs. Gross payables much lower than Juventus €301m, Roma €191m and Napoli €143m.



€ mlns	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transfer Fees Payable	31	40	28	75	45	143	**172**	140	**76**
Transfer Fees Receivable	1	7	21	18	19	13	53	65	56
Net Transfer Fees Payable	**30**	**33**	**7**	**57**	**26**	**130**	**119**	**75**	**20**

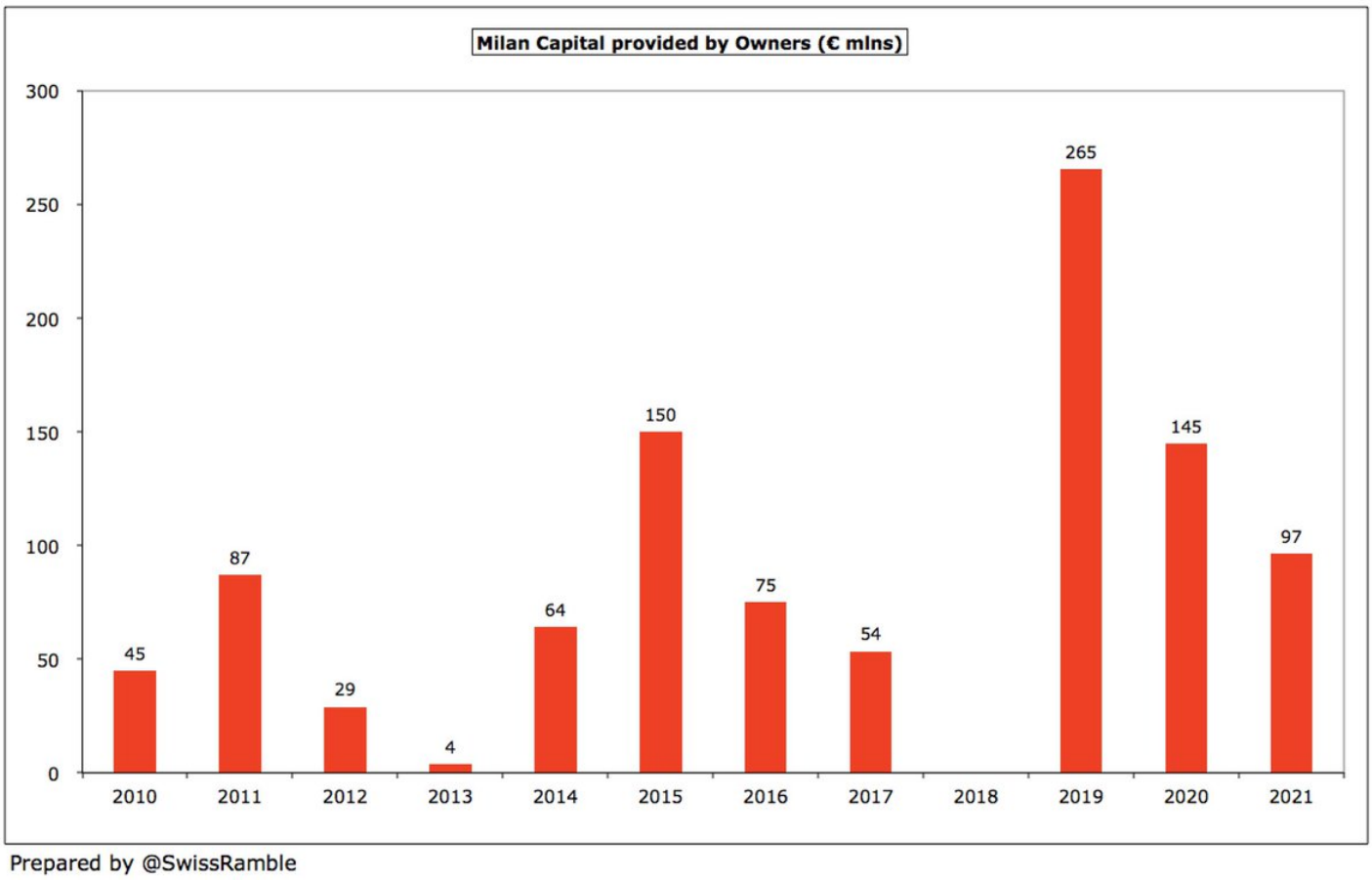
Prepared by @SwissRamble

#Milan cash balance fell from €13m to €11m. Most Italian clubs hold very little cash with the exception of Napoli's incredible €124m. It is likely that the balance at Inter €55m and Udinese €20m will be lower after they publish their detailed COVID-impacted 2019/20 accounts.



Note: all accounts to 30 June, except Atalanta, Fiorentina, Genoa, Sampdoria, Sassuolo, SPAL and Torino (to 31 December)
Prepared by @SwissRamble

#Milan have been very reliant on increases in capital from their owners, including €145m from Elliott in 2019/20 plus a further €97m after the accounts closed, making €507m in 3 years. Since 2014 various owners have had to put in around €850m to cover the club's large losses.



#Milan have had problems meeting Financial Fair Play regulations, initially resulting in UEFA banning them for 2 years from European competitions. This was overturned by CAS, but the club eventually agreed a 1-year ban, missing out on the Europa League in 2019/20.

Despite UEFA relaxing their FFP rules, e.g. adjusting for COVID losses and combining 2019/20 and 2020/21 seasons, the club still anticipates some form of future sanction. However, Gazidis confirmed that next evaluation will only take place in October 2021.

Like all other clubs, #Milan 2019/20 results have been hit by COVID, but their operational performance was already suffering before the pandemic struck. Their young team needs to continue to perform on the pitch, as Champions League money is vital for the project to succeed.