CIO Vantage Point

Rise of Sports Investment.

Scarcity Drives Soaring Valuation

Fuelled by the exclusivity of owning one of the limited number of coveted teams, the value of major league franchises has skyrocketed, growing at an impressive CAGR of 11.8%

Diversify with Sports Franchises

Sports franchises present a compelling case for diversification due to the long-term nature of boardcasting rights and sponsorship deals, which insulate them from economic downturns

Sports Embracing Private Equity

Major League sports in North America are welcoming PE ownership thanks to the latter's ability to add value by driving revenue growth and operational efficiency

Revenue Power Play

Sports leagues turn streaming deals, merch, and game day excitement into big wins while empowering local teams through ticket sales and sponsorships



DBS

"For many, sport is not just entertainment, it is a way of life that can incite unbridled fervour."



Hou Wey Fook

As far as cultural touchstones go, the 1986 World Cup quarter-final match of England vs Argentina ranks with the best of them. It was the match where the world bore witness to Diego Maradona's infamous "Hand of God" goal, which saw the Argentinian player score using his hand – a move that was technically illegal but still got past the referee.

More importantly, it was in the same match that Maradona scored the winning "Goal of the Century". In a nail-biting 10 seconds, Maradona expertly dribbled past four of England's outfielders before executing an awe-inspiring feint that put goalkeeper Peter Shilton on the grass, finally scoring into an empty net.

For many, sport is not just entertainment, it is a way of life that can incite unbridled fervour.

It should come as little surprise then, that such a powerful force has profound implications for investing. Sports is a USD463bn industry, and one that is expected to grow at a compounded annual growth rate (CAGR) of 7% to reach USD862bn by 2033.

A large part of this inevitably comes from the world's largest economy. While the rest of the world focuses on soccer, professional sports teams have become the crown jewel in America's sports industry. The scarcity of Major League teams across basketball, baseball, hockey, and American football has driven at least double-digit CAGR growth in valuations. To gain exposure to this, we look at the realm of private markets, which sports franchises are beginning to embrace thanks to the general partners' (GPs) ability to drive growth and operational efficiency.

That said, regardless of which side of the pond one is from, Big Tech companies turn out to be the central figure in this story. From streaming and analytics to video games and alternate-reality plays, Big Tech's influence is inescapable – just like we've expounded for every other industry.

Enjoy the read, and here's to a new year of scoring more goals, touchdowns, and home runs.

Wey Fook

Chief Investment Officer,
DBS Bank

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THE RISE OF SPORTS INVESTMENTS





> Sports has the power to change the world. It has the power to inspire, the power to unite people in a way that little else does.
>
> – NELSON MANDELA

From ancient rituals to global games

Sports have been an integral part of civilisation for millennia, with origins rooted in ancient civilisations that held physical contests for military training and festivities. The Olympic games, which date back to 776BC, has transformed from a religious festival dedicated to the Greek god Zeus to a platform for countries to showcase their top athletes.

Sports not only celebrate human excellence but create an irreplaceable sense of community that transcends geographical borders or languages. In the words of George Orwell, "sport is war minus the shooting" – it is a moral outlet for the human need to compete, and a key part of the human experience.

From the FIFA World Cup captivating almost half the global population – c.3.57bn people tuned in for the 2018 FIFA World Cup – to the millions that turn up physically to watch the Tour de France each year, sports are an elemental force, an already-massive yet rapidly growing industry that provides entertainment, fosters camaraderie, promotes fitness, and even enables diplomacy (as seen in America's ping pong team kick-starting US-China relations in 1971).

With its sheer magnitude, the sports industry offers its own highly sophisticated and specialised spectrum of data, and this goes far beyond viewership. From the highly-active trading of sports franchises and players to detailed game analytics a la *Moneyball*, the sports industry offers many compelling numbers – from which opportunities can be gleaned.

ACCELE



GRO

CHAPTER ONE

THE EVOLVING SPORTS ECONOMY

Driven by robust interest, the sports industry has experienced a significant demand increase in recent years. The global sports market revenue stands at USD463bn in 2024 and is expected to grow at a CAGR of 7% to reach USD862bn by 2033. The robust growth projections could be attributed to the following factors:



THE STREAMING REVOLUTION



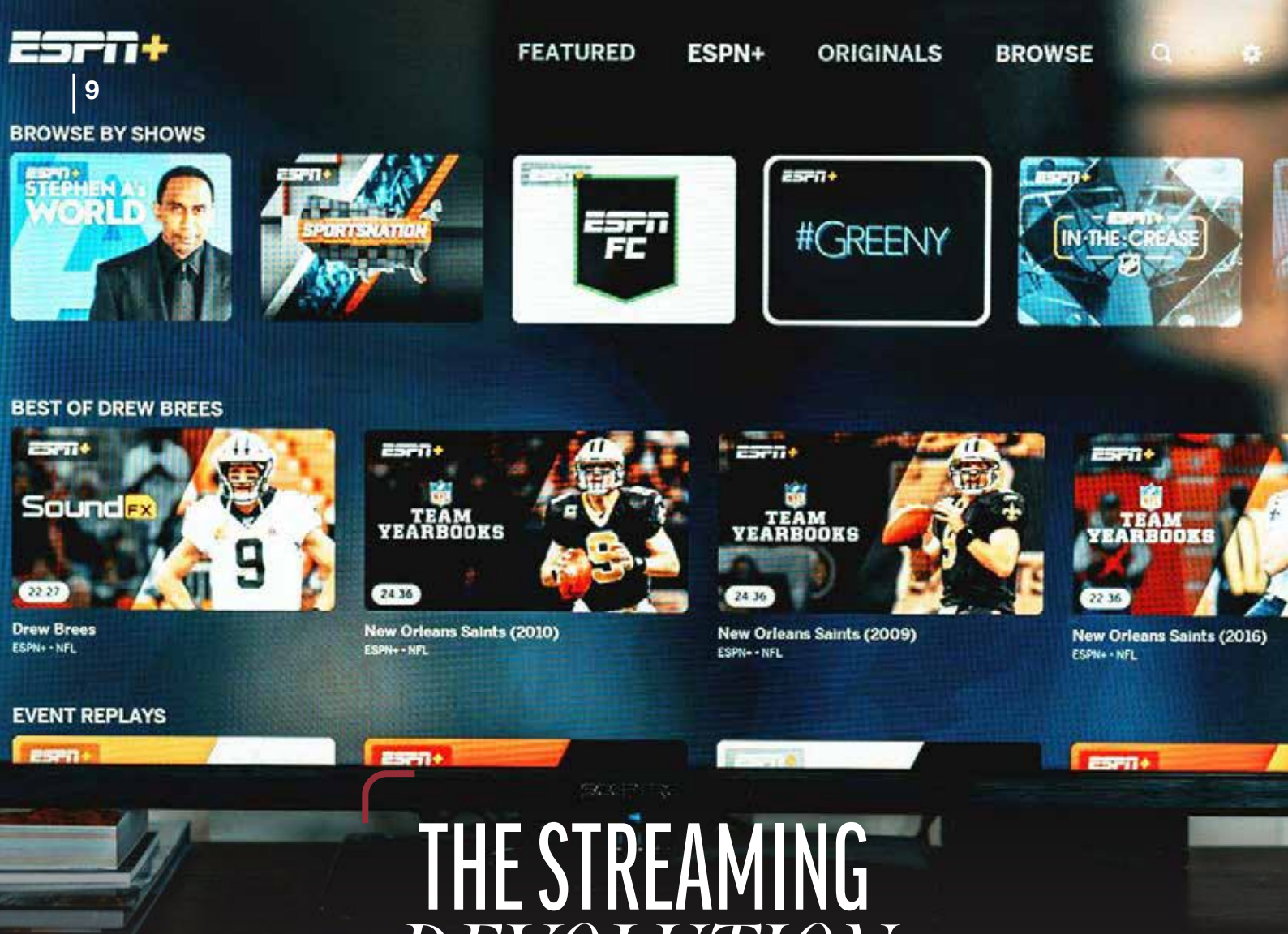
HARNESSING THE POTENTIAL OF YOUTH



BREAKING BARRIERS WITH WOMEN'S SPORTS



ESPORTS – A GLOBAL PHENOMENON



THE STREAMING *REVOLUTION*

In recent years, Big Tech giants like Amazon, Apple, Google, Netflix, and Meta have been aggressively acquiring live sports streaming rights. Spending on sports media rights by OTT (Over-The-Top) Platforms has seen an impressive growth of 74.3% CAGR between 2016 and 2024.

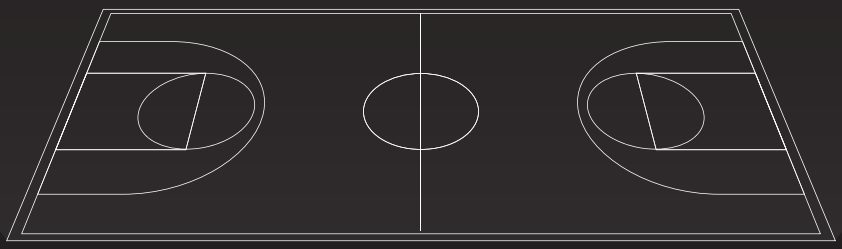
This reflects the strategic importance that platforms have placed in live sports streaming, banking on it to attract and retain subscribers. Meanwhile, users get the value add of being able to access their favourite games anytime, anywhere.

Furthermore, this trend is expected to continue as more companies realise the pull of live sports and the value it brings to the table. According to estimates by PwC, the Global Sports Media Rights market is expected to reach USD60.6bn in 2024, growing at a 5.3% CAGR from 2019 to 2024.

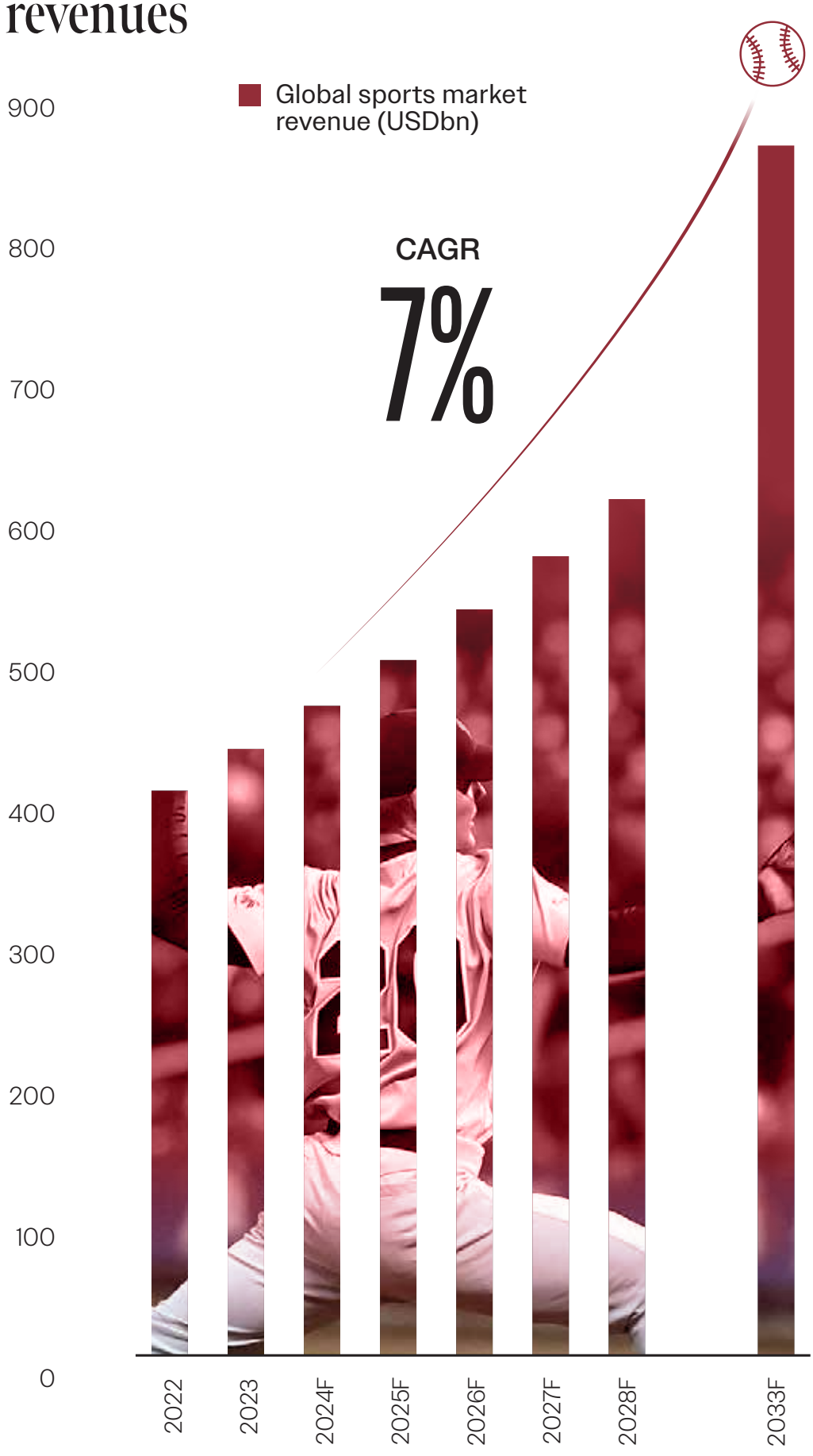
The aggressive push from Big Tech into live sports streaming also has the potential to fundamentally transform the fan experience. For example, Apple is set to transform the F1 viewing experience with its Vision Pro headset, offering an ultra-immersive augmented reality (AR) experience that allows fans to feel as if they're in the driver's seat. Users can also opt for a birds-eye view of the entire track, all while a 3D map of the racetrack, live stats, and race information is presented to them.

BIG TECH IS DIVING DEEP INTO THE SPORTS ECOSYSTEM

COMPANY	WEARABLE TECH	LIVE SPORTS	PARTNERSHIPS
amazon		Premier League, Ligue 1, UEFA Champions League, NBA, MLB, NFL, NBA/WNBA, NHL, OneChampionship	AWS X F1
	Watch, Vision Pro	MLB, MLS	Apple Music X Super Bowl Halftime Show
	Google Pixel Watch, Fitbit	LIV Golf, Fox Sports, WNBA	Google X McLaren F1, NEOM McLaren Extreme E, Google Pixel X Liverpool FC, Google Pixel X Arsenal FC
NETFLIX		NFL, WWE One-off events: Jake Paul vs Mike Tyson Boxing match, Netflix slam between Rafael Nadal and Carlos Alcaraz	Netflix X EverPass media
Meta	Oculus	NBA, ESPN, Indian Premier League	Meta Quest Horizon X Xtadium



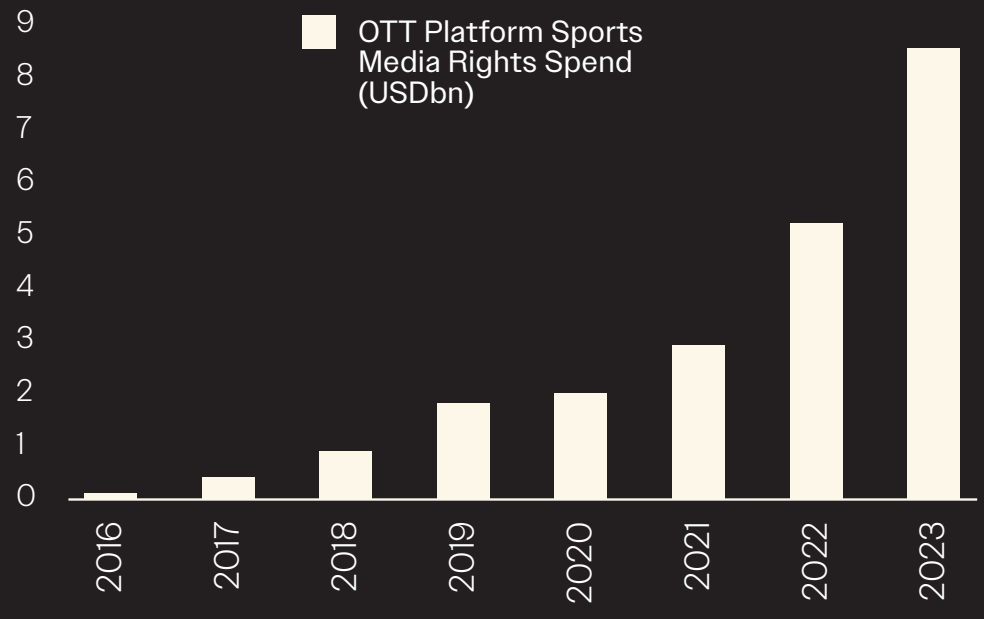
Rapid growth in global sports market revenues



Source: Statista, MarketResearch.com, Deloitte, DBS



Over-The-Top platforms spend on media rights



Source: Statista, S&P Global Market Intelligence, DBS

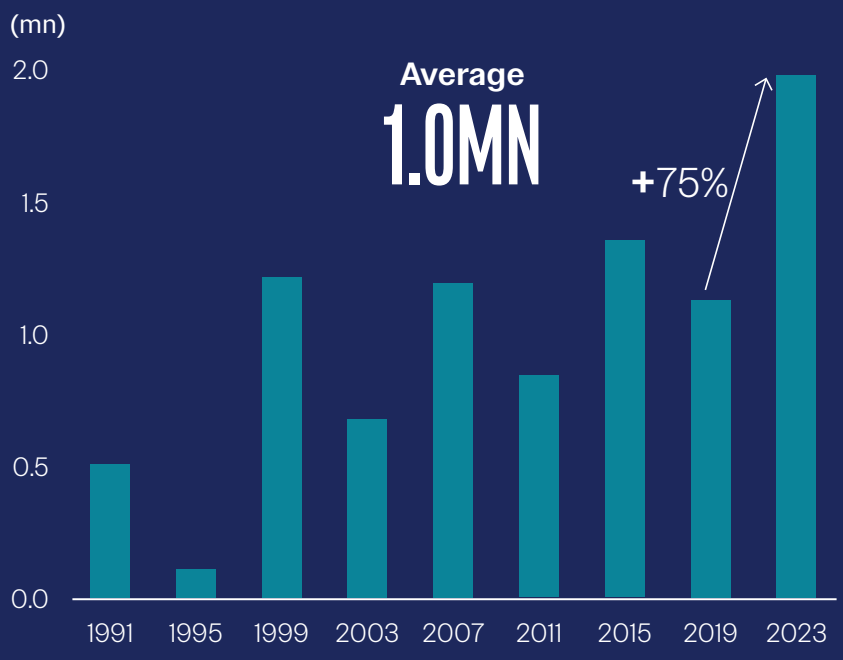
BREAKING BARRIERS *with* WOMEN'S SPORTS

Historically, women's sports have been dwarfed by men's sports in terms of media coverage, viewership, attendance, and investments. Taking the example of the world's most popular sporting event, the FIFA World Cup – the men's event has consistently averaged c.3.1mn total attendees over the past 30 years (1990 to 2022). The FIFA Women's World Cup, on the other hand, has historically averaged c.1.0mn total attendees over the last 30 years (1991 to 2023).

However, in recent years, the women's event has witnessed a significant surge in interest. The 2023 Women's World Cup achieved a total match attendance of 1.98mn, representing a 75% increase from the 1.1mn attendees in the 2019 tournament. This remarkable growth signals a positive shift towards greater equality and recognition for female athletes, which, in turn, drives more media coverage, support, and investments into the space.

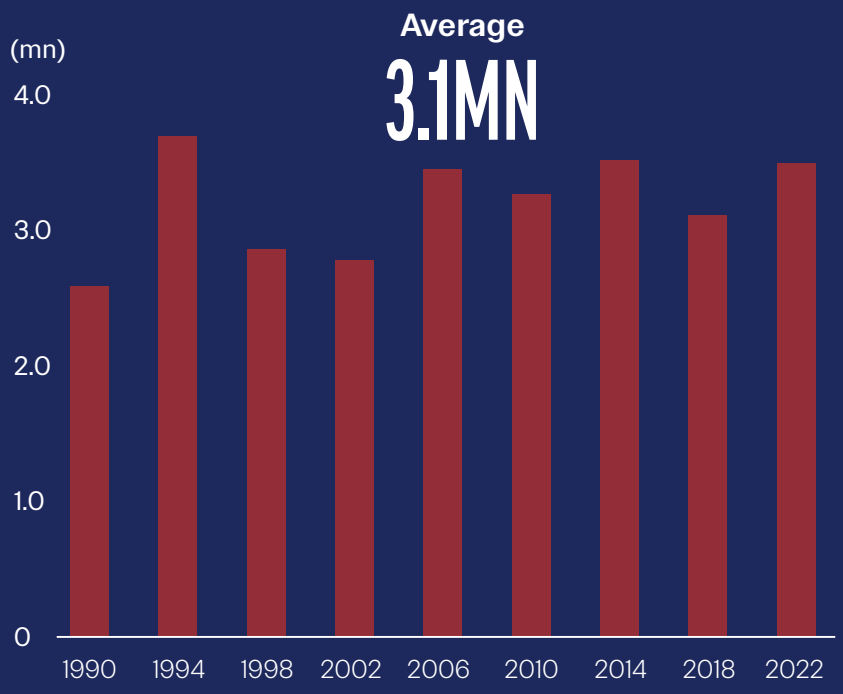


Women's World Cup Total Attendance

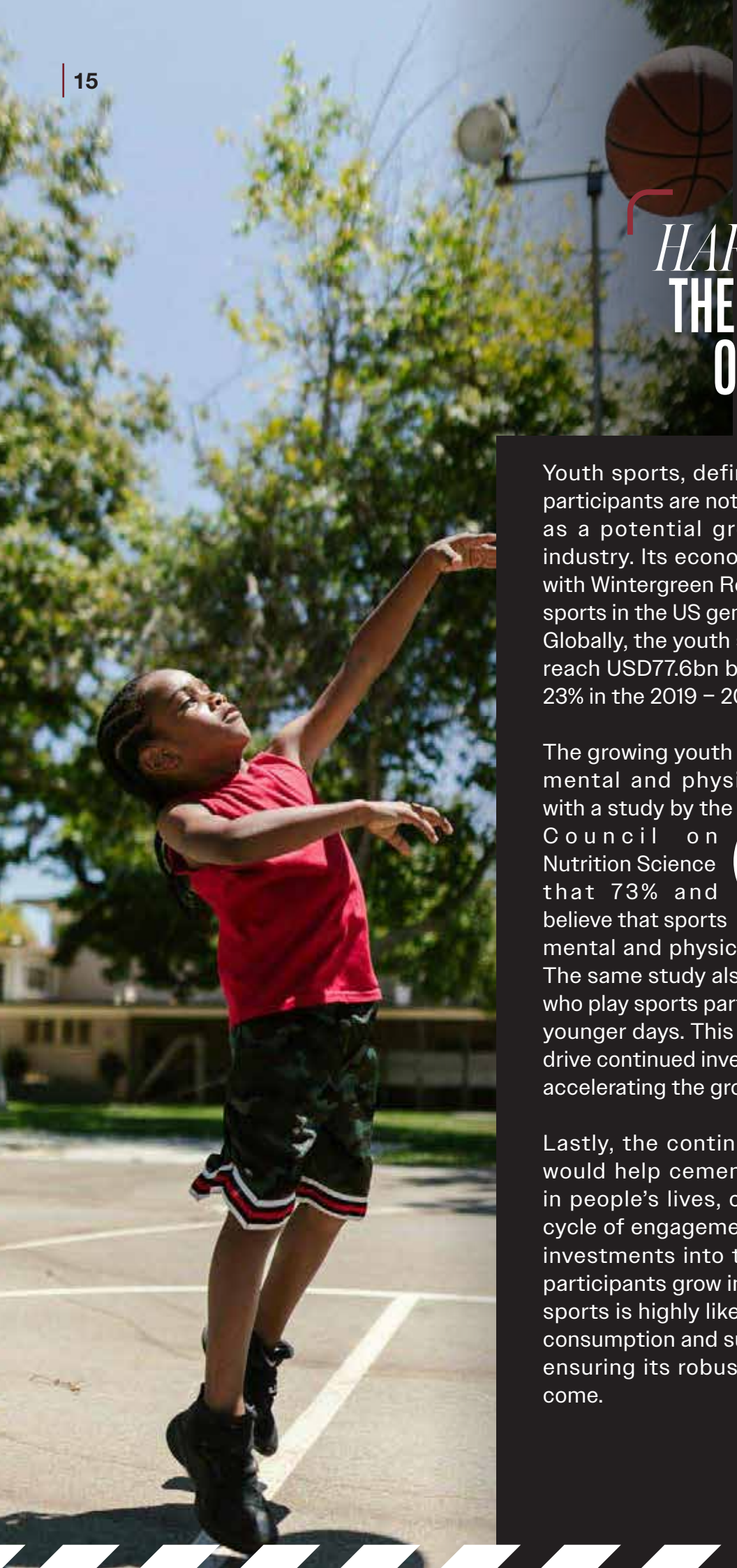


Source: FIFA, DBS

Men's World Cup Total Attendance



Source: FIFA, DBS



HARNESSING THE POTENTIAL OF YOUTH

Youth sports, defined as a sports event where participants are not yet of adult age, has emerged as a potential growth driver for the sports industry. Its economic impact is quite sizeable, with Wintergreen Research estimating that youth sports in the US generates over USD19bn annually. Globally, the youth sports industry is expected to reach USD77.6bn by 2026 growing at a CAGR of 23% in the 2019 – 2026 period.

The growing youth sports market has significant mental and physical benefits for youth, with a study by the US President's Council on Sports, Fitness & Nutrition Board estimating that 73% and 88% of parents believe that sports benefit the child's mental and physical health respectively. The same study also reported that 73% of adults who play sports participated in sports during their younger days. This positive reinforcement would drive continued investment into the sector, further accelerating the growth of youth sports.

Lastly, the continued growth of youth sports would help cement the importance of sports in people's lives, creating a self-perpetuating cycle of engagement with sports, driving future investments into the industry. As these youth participants grow into adulthood, the passion for sports is highly likely to translate into continued consumption and support for the sports industry, ensuring its robust growth for the decades to come.



> “Do you know what my favorite part of the game is? The opportunity to play.”
>
> -MIKE SINGLETARY

ESPORTS- A GLOBAL PHENOMENON

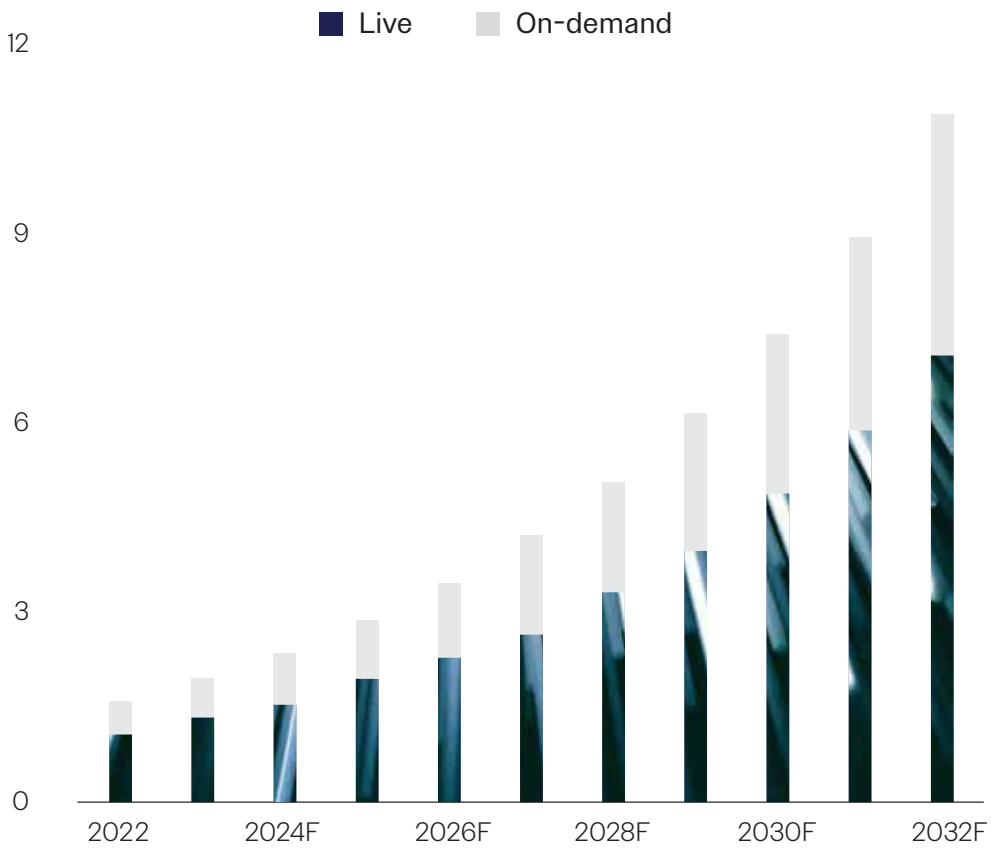
With more than 2.58bn gamers worldwide, gaming is one of the most popular forms of entertainment. Among the myriad of gaming genres, sports video games stand out as one of the most popular, with titles like FIFA, Madden NFL, NBA 2k, PGA 2k, and F1 allowing fans to engage with their favourite teams and players in each new instalment. These games also foster vibrant online communities where gamers compete and connect with one another.

The rise of eSports further amplifies the connection between traditional sports and video games, as almost every major sport now has a competitive eSports counterpart. Virtual events such as the FIFAe World Cup, the NBA 2K League, the F1 eSports Series, and eSports in the Olympic Virtual Series showcase how traditional sports are crossing into the digital realm.



Despite being relatively new to the game, these tournaments demonstrate significant growth potential. The 2023 FIFAe World Cup, for instance, peaked at c.55,000 viewers. While this is considered modest compared to actual viewership of c.1.5bn viewers at the 2022 FIFA World Cup in Qatar, it nonetheless indicates growing interest in virtual competitions. This underscores the immense growth opportunities for eSports versions of traditional sports as digital platforms continue to expand and reach out to a larger global audience.

eSports global market revenue (USDbn)

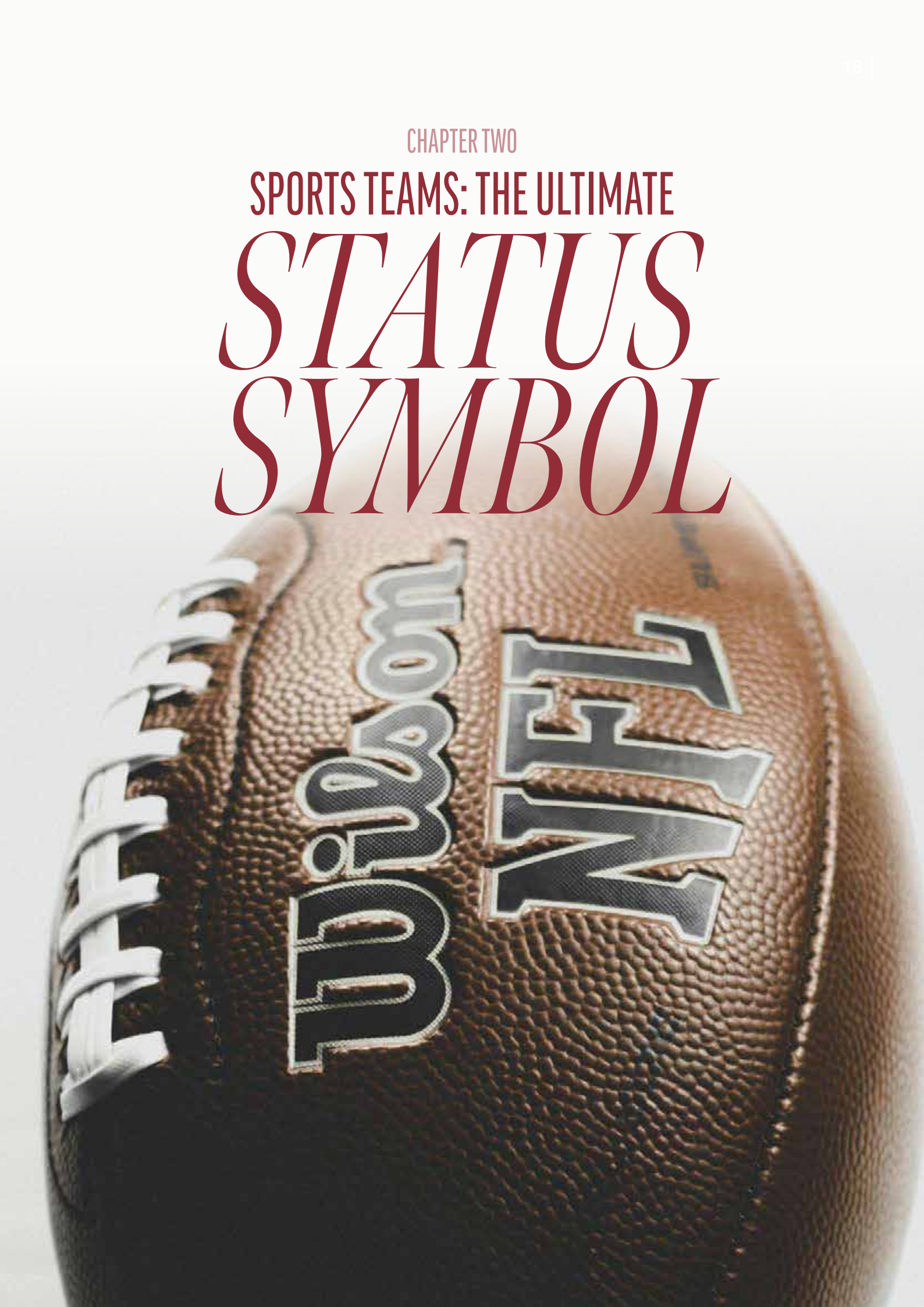


Source: Market.US, DBS

CHAPTER TWO

SPORTS TEAMS: THE ULTIMATE

STATUS SYMBOL



Buying into a professional sports team has become the ultimate status symbol among elite circles.

Driven by the exclusivity and prestige associated with owning a sports team in a major league, these elites understand that the limited number of teams across major leagues – NBA (30), NFL (32), NHL (32), MLB (30), and MLS (29) – ensures that team ownership is a rarefied event.

This scarcity, coupled with the emotional connection large swathes of the population have with their favourite teams, makes owning a professional sports team the ultimate dream for many. Billionaires like Microsoft's Steve Ballmer (Los Angeles Clippers, NBA), Walmart's Rob Walton (Denver Broncos, NFL), and Las Vegas Sands's Miriam Adelson (Dallas Mavericks, NBA) are among those who have joined the exclusive ranks of sports team owners.

But prestige and emotional connection aside, there are also sound financial reasons as to why sports investment is gaining popularity among the elites, namely:

01 Rising valuation amidst scarcity

02 Diversification

03 Rising operational efficiency





Sports not only celebrate human excellence
but create an irreplaceable sense of community that transcends geographical borders or languages


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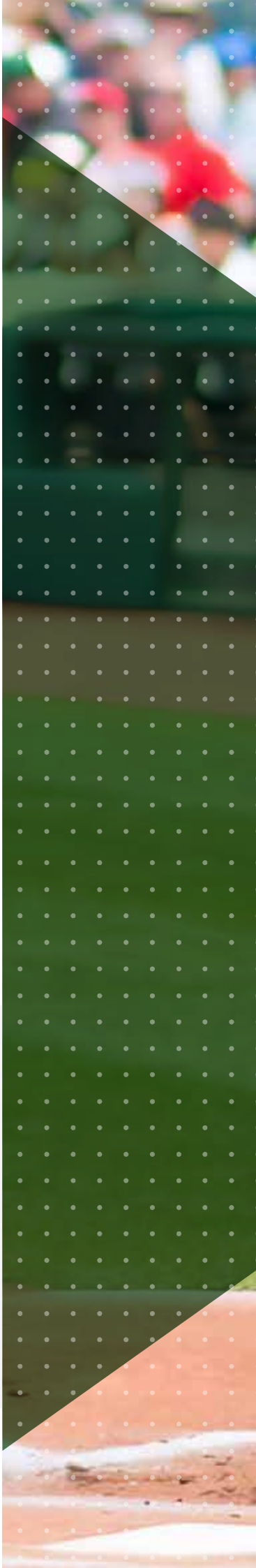
01 SCARCITY FUELS SOARING VALUATION OF SPORTS FRANCHISES

According to Stadium Maps, there are only 153 sport franchises in North America across the five major leagues: National Basketball Association (NBA), National Football League (NFL), National Hockey League (NHL), Major League Baseball (MLB), and Major League Soccer (MLS). This limited number of franchises is primarily due to the stringent requirements established by the leagues to award new expansion teams.

SCARCITY OF SPORT FRANCHISES IN MAJOR LEAGUES

Leagues	Number of franchises
National Basketball Association (NBA)	30
National Football League (NFL)	32
National Hockey League (NHL)	32
Major League Baseball (MLB)	30
Major League Soccer (MLS)	29

Source: Stadium Maps, DBS




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Taking the MLS as an example, the following criteria will have to be met:

Financially sound ownership:
MLS requires owners to demonstrate financial stability and a commitment to the league. Furthermore, the reputation of the principal owner also plays a major role in determining whether the expansion bid is awarded.

Appropriate stadium:
The proposed stadium should be large enough (capacity of current stadiums ranges from 18,000 to 30,000) and preferably be soccer-specific. The stadium should provide a viable location for home games and the team should demonstrate the ability to attract a robust fan base.

City's approval:
Franchises will also need to seek approval from the city that will be housing them, including permits and arrangements for tax payments.

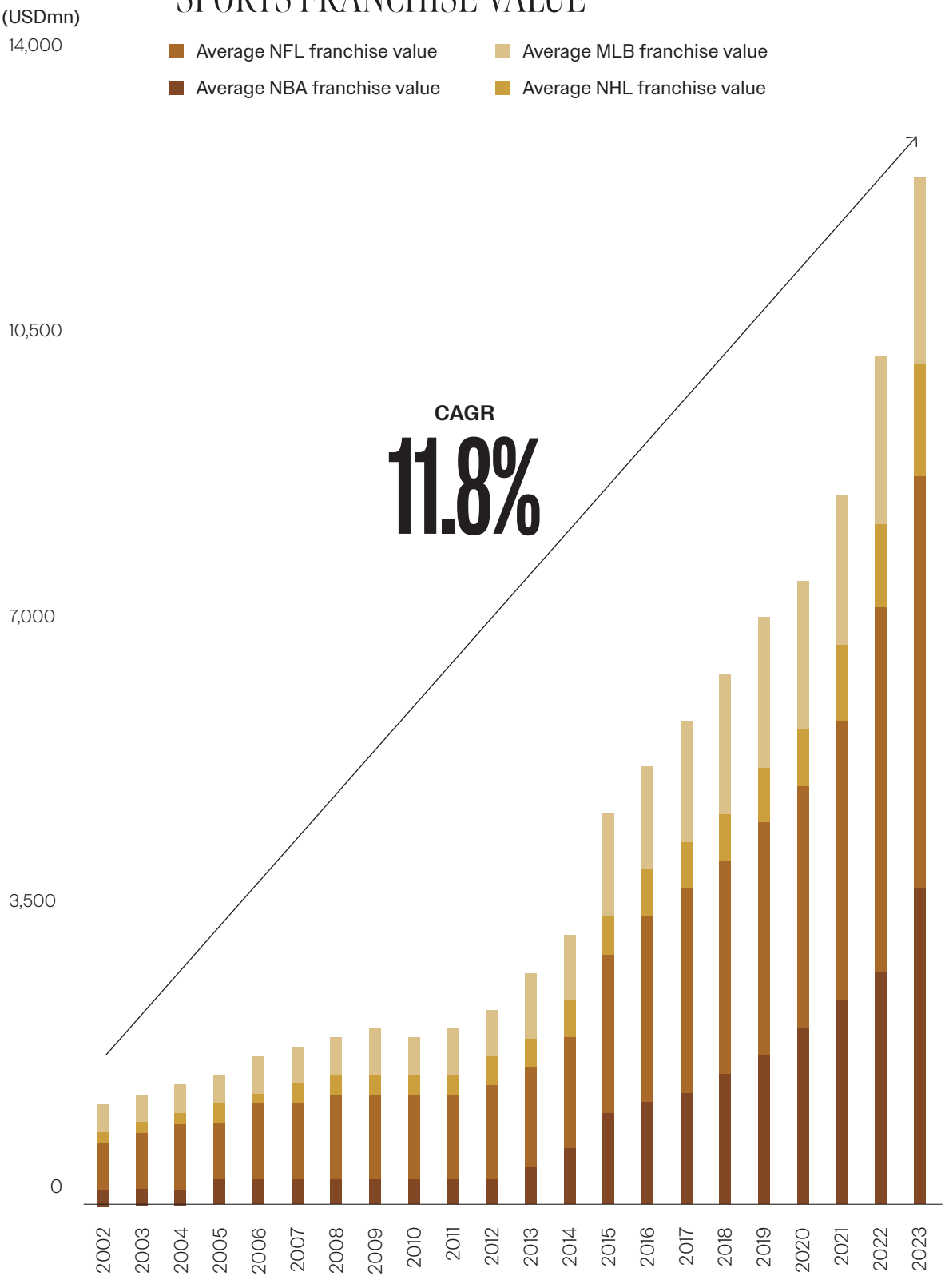
Established fan base:
MLS evaluates the proposed city to ensure there is a sufficient fan base supporting the sales of tickets and merchandise.

Expansion fees:
A substantial sum is required to bring a new expansion team to the league, with the most recent example being San Diego FC, whose ownership group paid USD500mn.



Similarly, other major leagues have also established their own set of stringent requirements that limit the number of franchises. This scarcity factor enhances the desirability of franchises, making them coveted assets and driving up their value. The average franchise value of NBA, NFL, NHL, and MLB are growing at a robust CAGR of 14.5%, 11.4%, 10.5%, and 10.5% respectively.

STRONG GROWTH MOMENTUM OF SPORTS FRANCHISE VALUE



Source: Statista, DBS

Outside of North America, the English Premier League, which comprises only 20 teams, stands out as one of the most-viewed soccer leagues with c.1.87bn followers globally.

To earn a spot and compete in this prestigious league, new clubs need to go through the arduous process of ascending the lower tier leagues by winning titles and obtaining the rights for promotion.

This meritocratic process highlights the competitiveness of English football where only a limited number of the best clubs can reach the pinnacle. This has led to high valuations as the clubs are able to secure lucrative broadcasting rights and sponsorship deals. Chelsea FC, a stalwart club with a consistent presence in the Premier League, has seen its transacted value rise by more than tenfold, from USD233mn in 2003 to USD2,500mn in 2023.





TRANSACTION VALUE OF SPORTS CLUBS

Type of sports	Club name	Previous transaction year	Previous transaction Value (USDmn)	Latest transaction year	Value in latest transaction year (USDmn)	CAGR
Baseball	Baltimore Orioles	1993	173	2023	1,725	8%
Basketball	Dallas Mavericks	2000	285	2023	4,500	13%
Basketball	Milwaukee Bucks	2014	550	2023	3,500	23%
Basketball	Phoenix Suns	2004	401	2022	4,000	14%
Football	Washington Commanders	1999	750	2023	6,050	9%
Football	Denver Broncos	1984	78	2022	4,650	11%
Ice Hockey	Ottawa Senators	2003	92	2023	4,650	12%
Ice Hockey	Nashville Predators	2007	175	2022	775	10%
Soccer	Paris Saint Germain	2012	131	2023	4,200	37%
Soccer	Chelsea FC	2003	233	2023	2,500	13%
Soccer	AC Milan	2018	490	2022	1,200	25%

Source: S&P Global, DBS

ENGLISH FOOTBALL PYRAMID SYSTEM




EMIRATES STADI
BASTIN
ADAMS
Arsenal
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02

DIVERSIFICATION BENEFITS OF SPORTS INVESTMENT

Between 2002 and 2023, the average franchise values of major US sports leagues exhibited low or even negative correlation compared to traditional assets like equities and bonds.

This low or negative correlation is primarily due the fact that a significant portion of sports revenue is derived from broadcasting rights and sponsorship deals which are typically long-term in nature, providing these sports franchises with stable, recurring income. This insulates sports leagues and franchises against periods of economic downturn.

Additionally, the limited number of available sports franchises creates a scarcity factor that helps keep valuations buoyed, making sports franchises less susceptible to gyrations in the market.

CORRELATION OF US MAJOR SPORTS LEAGUE WITH TRADITIONAL ASSETS (FROM 2002 TO 2023)

	S&P 500	US Bonds	NBA	MLB	NFL	NHL
S&P 500	1.00	-	-	-	-	-
US Bonds	0.28	1.00	-	-	-	-
NBA	0.01	-0.29	1.00	-	-	-
MLB	-0.10	-0.20	0.79	1.00	-	-
NFL	-0.17	-0.46	0.68	0.47	1.00	-
NHL	0.22	-0.41	0.23	0.20	0.02	1.00

Source: Statista, Bloomberg, DBS

EXAMPLES OF SPORTS BROADCASTING DEALS

Sports events	Broadcasting rights holder	Value of deal (USDmn)	Period of the deal	Duration of the deal (years)
NBA	Disney, NBC, and Amazon Prime Video	76,000	2025 - 2036	11
MLB	ESPN, Fox, TNT	12,000	2021 - 2028	7
MLB	Apple	595	2022 – 2029	7
NFL	Amazon, CBS, ESPN, Fox, NBC, NFL Network	100,000	2022- 2033	10
NFL Christmas Day Games	Netflix	400	2024 - 2027	3
NFL Sunday Ticket	YouTube	14,000	2023 - 2030	7
NHL	ESPN, TNT Sports	4,400	2021 - 2028	7

Source: The Hollywood Reporter, DBS



03

PRIVATE EQUITY'S LONG-TERM FOCUS DRIVES OPERATIONAL EFFICIENCY

While private equity (PE) funds have been around for more than half a century, it was not until the 2000s that notable PE involvement in sports leagues began to emerge. This was due to the negative connotations associated with PE in the early days, particularly during the 1980s buyout boom period.

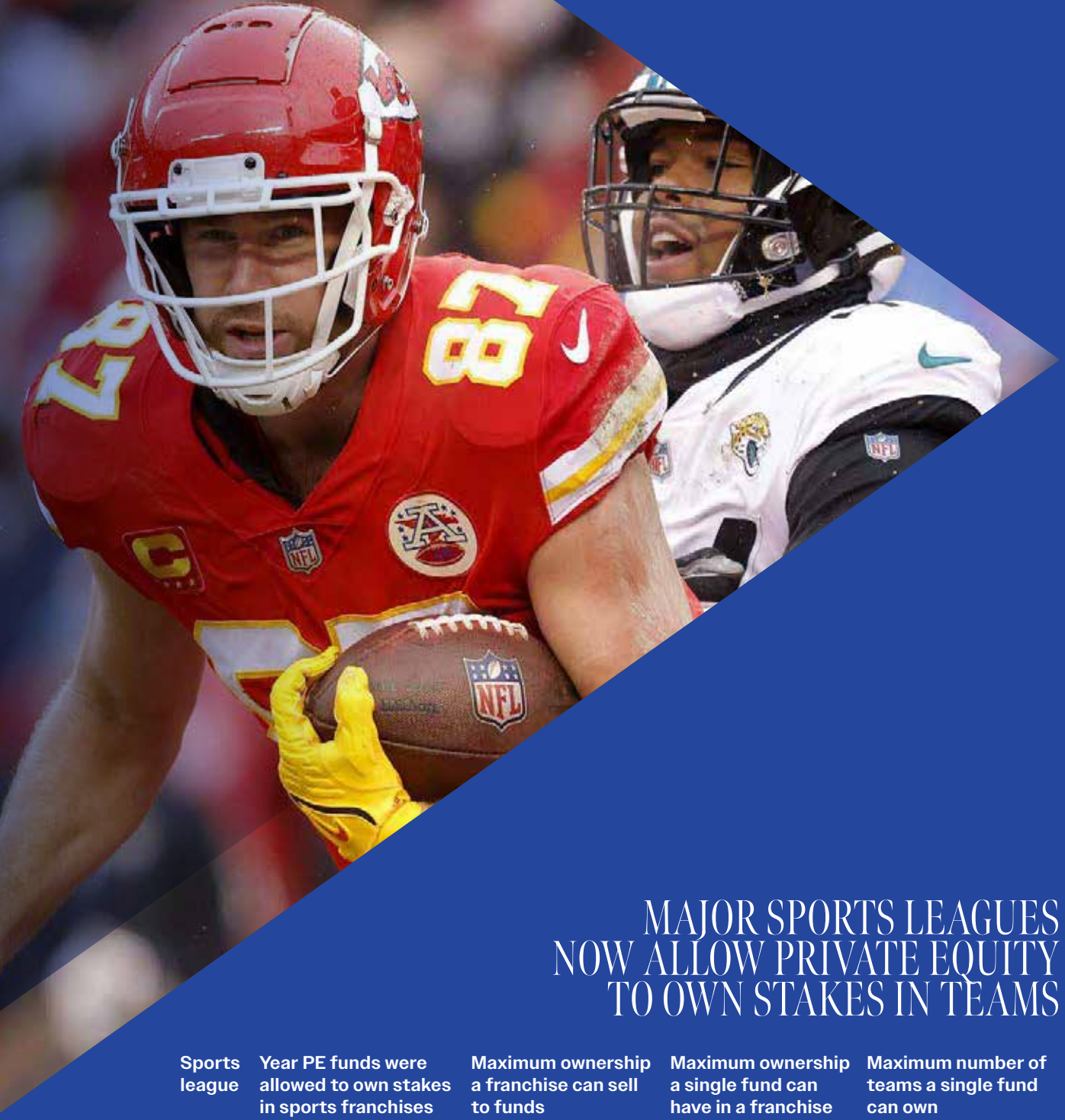
This period was characterised by a surge in leveraged buyouts and hostile takeovers, driven by the proliferation of junk bonds that provided the necessary funding for these PE funds to pursue aggressive acquisition strategies. Hence, sports leagues were reluctant to get involved with PE over concerns that the high leverage and "short-termism" of PE funds would be detrimental to their financial stability and long-term success.

However, by the 2000s, PE started to adopt a long-term investing approach. They have since demonstrated their ability to enhance value by driving revenue growth, improving operational efficiency, and leveraging connections to secure sponsorship deals, prompting sport leagues and franchises to reconsider their involvement.

Recognising the benefits of PE, major leagues in North America have amended regulations to allow PE to hold equity stakes in sports franchises. This shift began with the MLB in 2019, followed by NBA, MLS, NHL, and most recently, NFL in Aug 2024. According to PitchBook, 71 out of the 153 major North American sports teams have since formed some kind of connection to PE.

30%

The total maximum share that an NBA franchise can sell to funds



MAJOR SPORTS LEAGUES NOW ALLOW PRIVATE EQUITY TO OWN STAKES IN TEAMS

Sports league	Year PE funds were allowed to own stakes in sports franchises	Maximum ownership a franchise can sell to funds	Maximum ownership a single fund can have in a franchise	Maximum number of teams a single fund can own
MLB	2019	30%	15%	No limit
NBA	2020	30%	20%	5
MLS	2020	30%	20%	4
NHL	2021	30%	20%	5
NFL	2024	10%	10%	6

Source: Sportico, DBS


XXIII SUPER BOWL CHAMPIONS XXIV XXIX
HOME OF THE FAITHFUL
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11:00


LEVI'S STADIUM
PLAYOFFS
PRESENTED BY SAP
Foxconn Industrial Internet

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> If you challenge conventional wisdom, you will find ways to do things much better than they are currently done.
>
> - MICHAEL LEWIS, *MONEYBALL*



CHAPTER THREE

W $PORTS IS M$NETISED

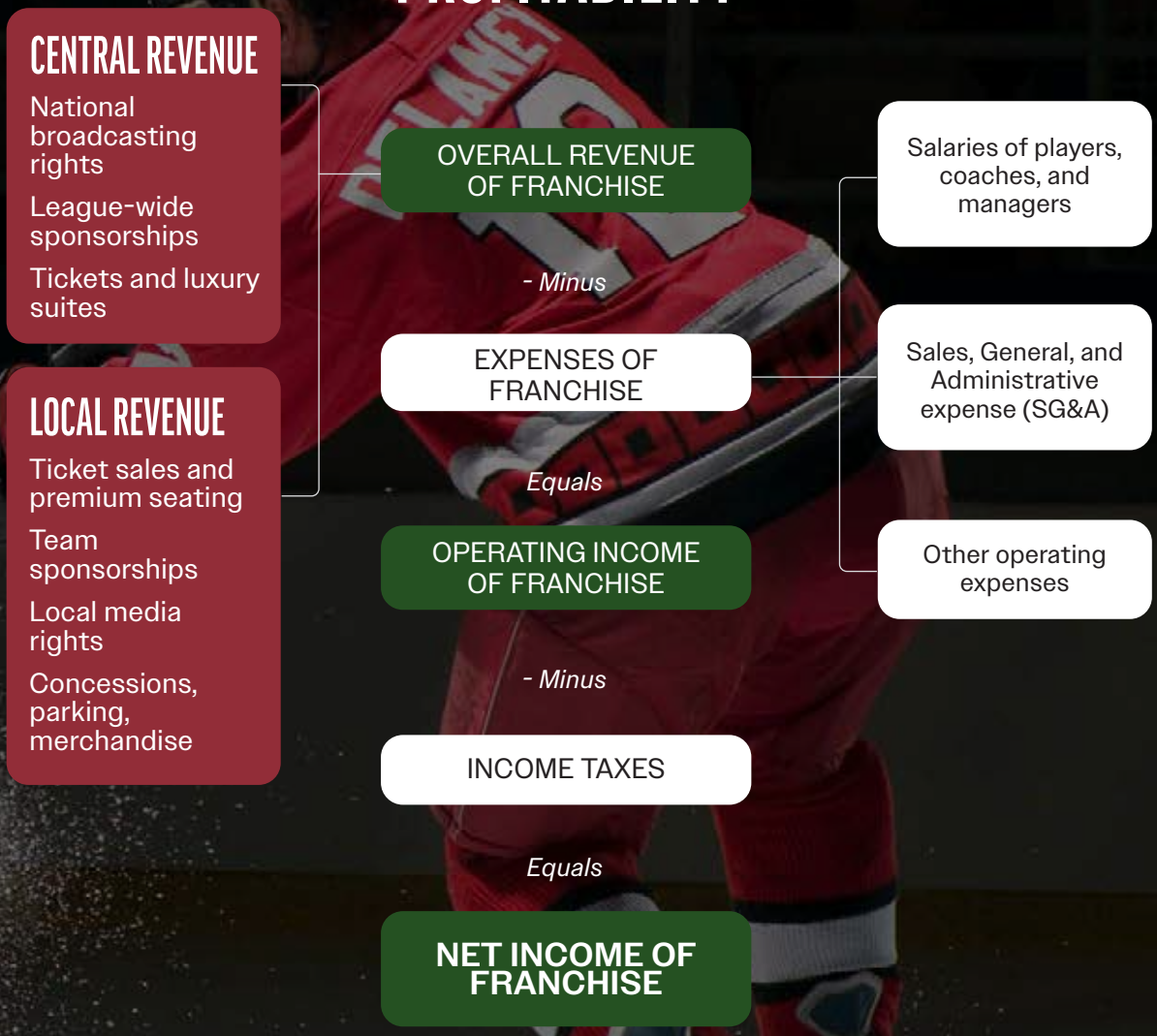


How sports franchises generate revenue

Sports leagues are economic powerhouses, driven by multiple revenue streams that capitalise on the passion of fans and the global appeal of live sports. Monetisation in the sports industry is not just real, it is thriving at scale. From multibillion dollar broadcasting deals and league-wide sponsorships to gameday sales and team-specific partnerships, every aspect of the sports ecosystem has been designed to maximise earnings potential. This dual revenue structure of central and local revenues ensures the collective growth of the overall league and the financial autonomy of individual teams.



BREAKDOWN OF FRANCHISE PROFITABILITY



01 CENTRAL REVENUE

The central revenue forms the main bulk of each team's total revenue. It is generated at the league level and distributed evenly among individual teams. The primary components of central revenue are:

NATIONAL BROADCASTING RIGHTS

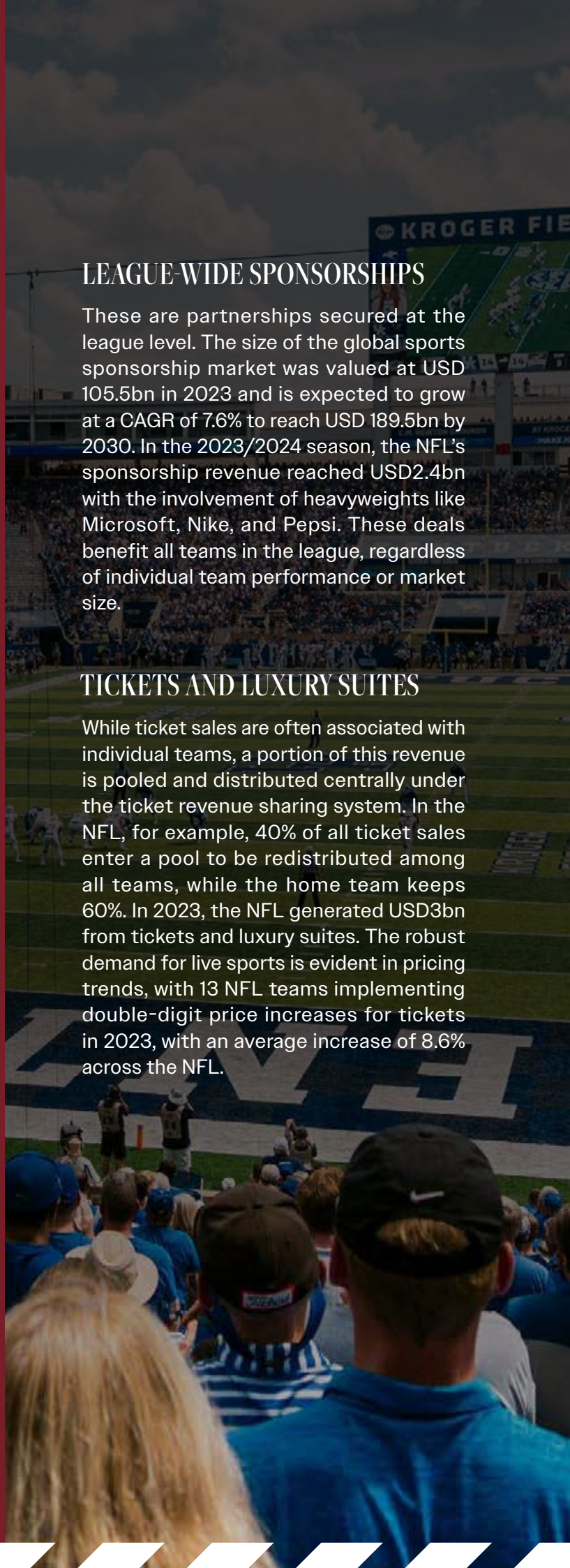
Constituting a significant portion of central revenue, these are broadcasting rights negotiated at a league level with major networks and streaming platforms. The annual revenue of TV and streaming rights in the US was USD 25.6bn in 2023 and this is expected to grow at a CAGR of 6.3% to reach USD34.7bn by 2027. A prime example of this is the NFL's 2021 agreement, which was valued at an astounding USD111bn over 11 years, to be divided equally among the league's 32 teams.

LEAGUE-WIDE SPONSORSHIPS

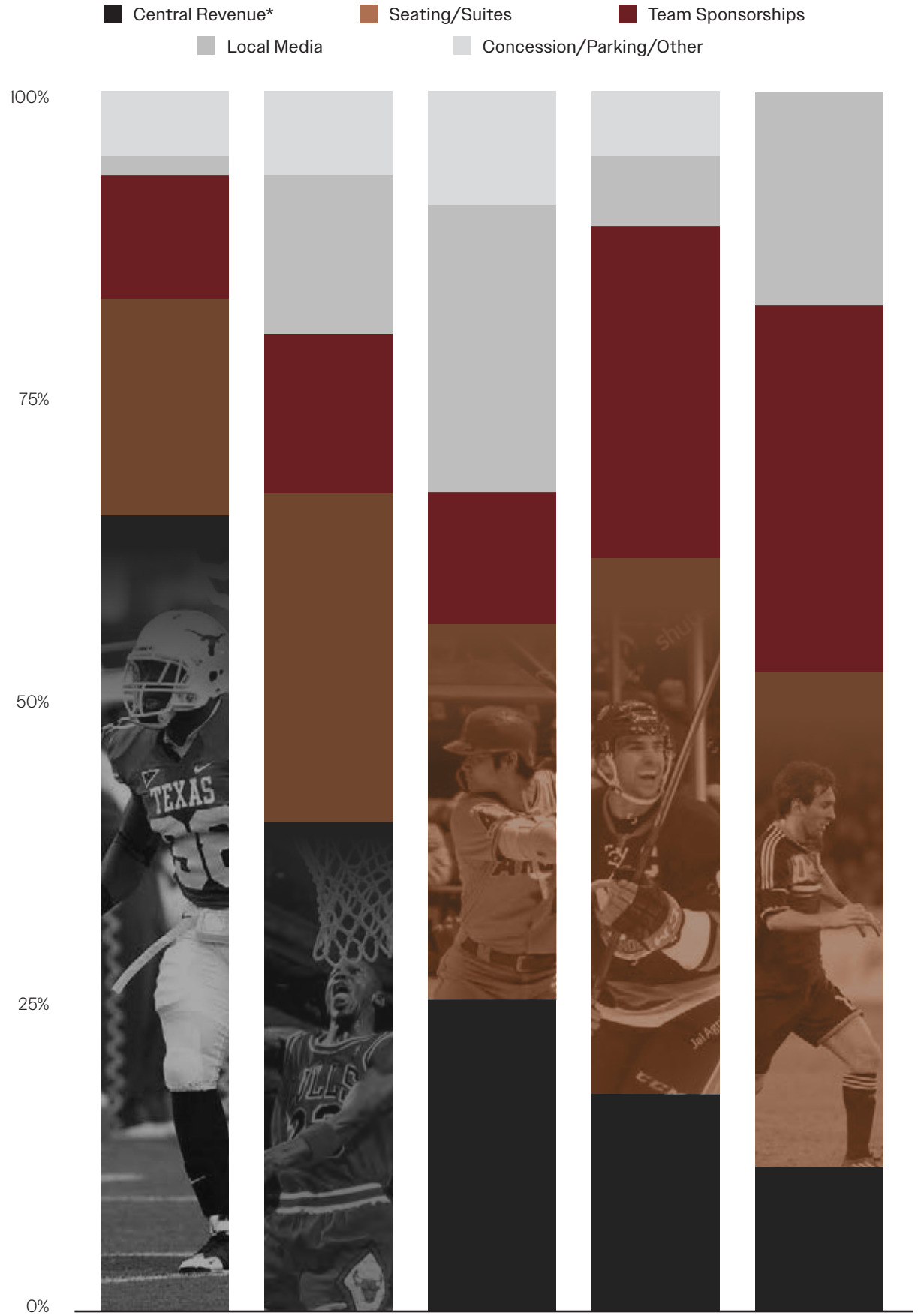
These are partnerships secured at the league level. The size of the global sports sponsorship market was valued at USD 105.5bn in 2023 and is expected to grow at a CAGR of 7.6% to reach USD 189.5bn by 2030. In the 2023/2024 season, the NFL's sponsorship revenue reached USD2.4bn with the involvement of heavyweights like Microsoft, Nike, and Pepsi. These deals benefit all teams in the league, regardless of individual team performance or market size.

TICKETS AND LUXURY SUITES

While ticket sales are often associated with individual teams, a portion of this revenue is pooled and distributed centrally under the ticket revenue sharing system. In the NFL, for example, 40% of all ticket sales enter a pool to be redistributed among all teams, while the home team keeps 60%. In 2023, the NFL generated USD3bn from tickets and luxury suites. The robust demand for live sports is evident in pricing trends, with 13 NFL teams implementing double-digit price increases for tickets in 2023, with an average increase of 8.6% across the NFL.



BREAKDOWN OF REVENUE FOR US SPORTS LEAGUE



	NFL	NBA	MLB	NHL	MLS
2023 Revenue	USD 20.5bn	USD 10.9bn	USD 11.9bn	USD 6.8bn	USD 2bn

Source: Visual Capitalist, Sportico, DBS

*Central revenue includes media/broadcast rights, merchandises, shared ticket revenue, other sponsorships


ARMITRON
pro sport
ARMITRON WATCHES
YANKEE STA
pepsi
GATORADE
Bank of America
Ford
Go Further
tristateford.com
att.yankees.com
0:27
StateFarm
StateFarm
DraftKings
YOKOHAMA
COLLECTIBLES
StateFarm
StateFarm
Experian
Experian
Experian
399FT
DUNKIN' DONUTS
34



02 LOCAL REVENUE

Local revenue includes ticket sales (excluding shared revenue from the league level), premium seating, team-specific sponsorships, local media rights, concessions, parking, merchandising, and other income. These revenues are made and retained by the individual teams.

TICKET SALES AND PREMIUM SEATING

Teams generate significant income from the sale of general admission tickets, premium seating, and luxury suites. While a portion is shared with the league, a majority of this revenue is held by the home team.

TEAM SPONSORSHIPS

Individual teams negotiate and secure their own sponsorships deals with brands. This could include naming rights for the stadium, advertising, and partnerships.

LOCAL MEDIA RIGHTS

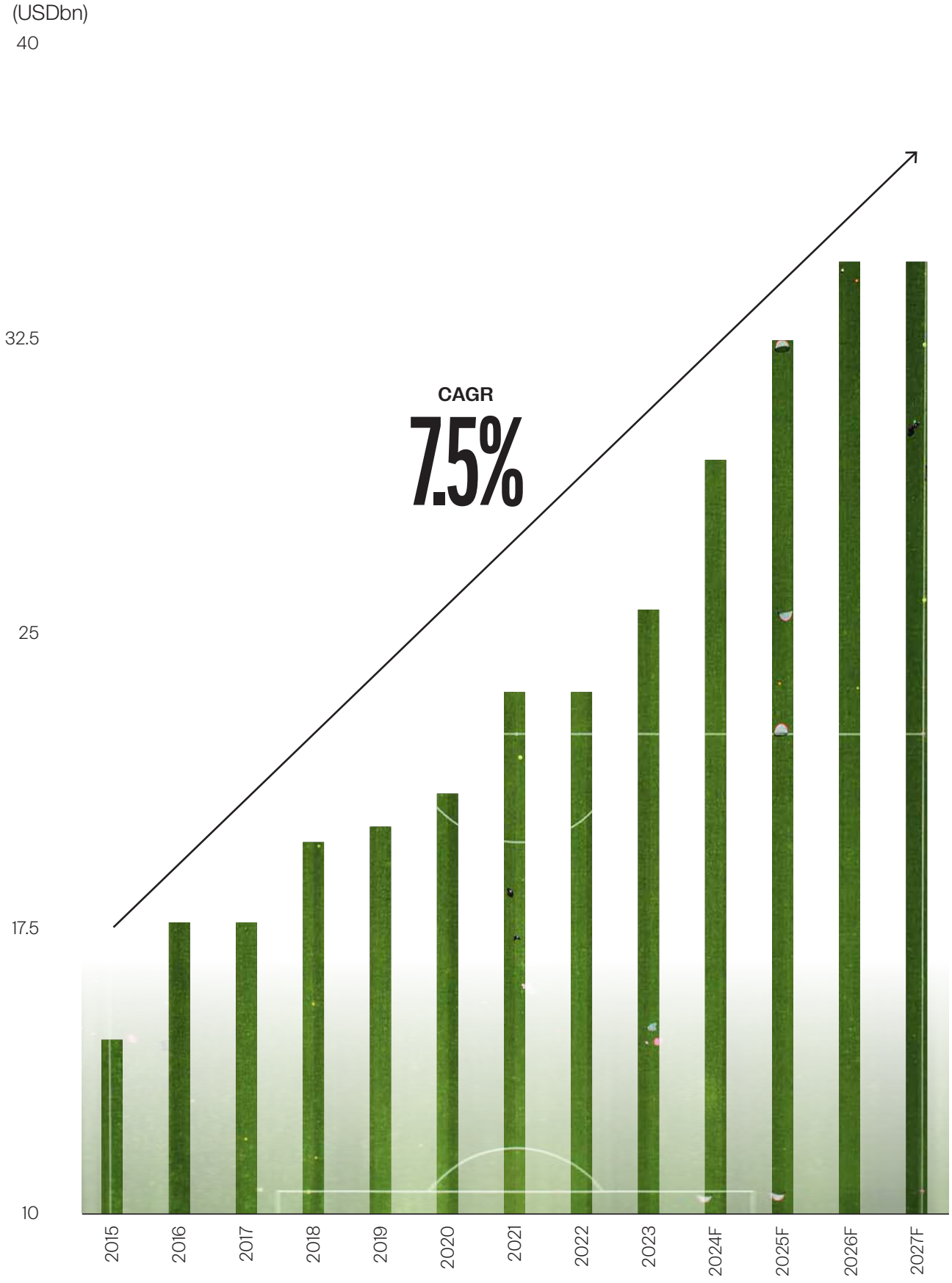
Teams negotiate local broadcasting rights with local television networks and radio networks. This could include rights to broadcast preseason games and content not covered by the league-level national deals.

CONCESSIONS, PARKING, MERCHANDISE

Gameday revenue such as the sale of food & beverages, parking fees, and team merchandise sold at the stadium goes directly to each team.

RISE IN VALUE OF STREAMING SPORTS RIGHTS

Annual value of US TV & streaming sports right



Source: S&P Global, DBS

SCORING BEYOND THE FIELD

THE SPORTS FRANCHISE ECOSYSTEM

The growing global interest in sports franchises creates a ripple effect, benefitting the broader ecosystem of sports. Listed below are the key areas that will benefit from the rapidly expanding industry:

1. Sports Analytics
2. Streaming
3. Ticketing
4. Sports Video Gaming


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SPORTS ANALYTICS

Sports analytics refers to the collection and analysis of data to improve a team's decision-making to gain an advantage on or off the field. The use of data analytics in the realm of professional sports gained widespread attention thanks to the popular 2011 film, Moneyball. Based on the real-life story of Oakland Athletics general manager Billy Beane (portrayed by Brad Pitt), the movie showed how Beane leveraged sports analytics to identify undervalued players and build a competitive team with a limited budget.

ON-FIELD ANALYTICS

On-field analytics refers to the in-depth analysis of data aimed at improving the performance of the team during games. This includes analysing individual player statistics for recruitment, developing personalised training programs, and formulating strategies against competitors based on data-driven insights. The objective is to leverage data to increase their winning rate.

OFF-FIELD ANALYTICS

Off-field analytics focuses on the business side of sports and is aimed at increasing the revenue of the sports franchises such as ticket and merchandise sales as well as improving fan engagement. This includes analysing data such as consumer spending patterns, responses to advertisements, and their social media behaviour. By utilising these insights, franchises can strengthen their overall branding and drive revenue growth.

As a result of the benefits that sports analytics bring to franchises, the market for sports analytics is projected to grow at a CAGR of 30.04%, increasing from USD2.87bn in 2024 to USD13.93bn in 2029, according to Mordor Intelligence.


HAZARD
RECEPTION +SHOT
ACTIVE

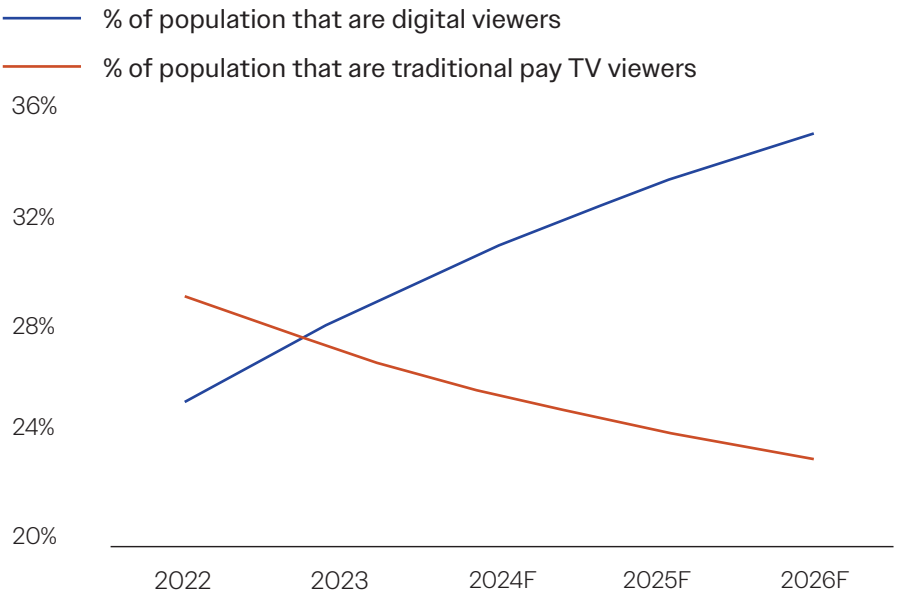
STREAMING

The advent of high-speed internet and smartphones has brought about a shift in consumer behaviour, allowing fans to enjoy sports content anywhere and on any device.

Access to this level of convenience has led to streaming platforms eroding the dominance that traditional pay television (also known as subscription television) once had on live sports. According to eMarketer, the percentage of US sports viewers utilising digital channels to watch live sports games is forecasted to increase significantly, from a mere 24.9% in 2022 to 35.0% in 2026. Traditional pay TV, on the other hand, is expected to see a steady decline.

According to eMarketer, the US live sports streaming viewers (classified as individuals who watch at least one live sports event digitally at least once per month) will increase at a robust CAGR of 9.6%, from 84.0mn in 2022 to 121.1mn in 2026. This significant rise in viewership indicates not only a shift in consumer behaviour but also opportunities for streaming platforms to increase their revenue. The larger streaming audience is drawing growing interest from advertisers, with advertisement spending on streaming platforms poised for a strong CAGR of 11.4% derived from USD28.75bn in 2022 to a projected USD44.32bn in 2026.

SHIFT IN US CONSUMER PREFERENCE TOWARDS STREAMING

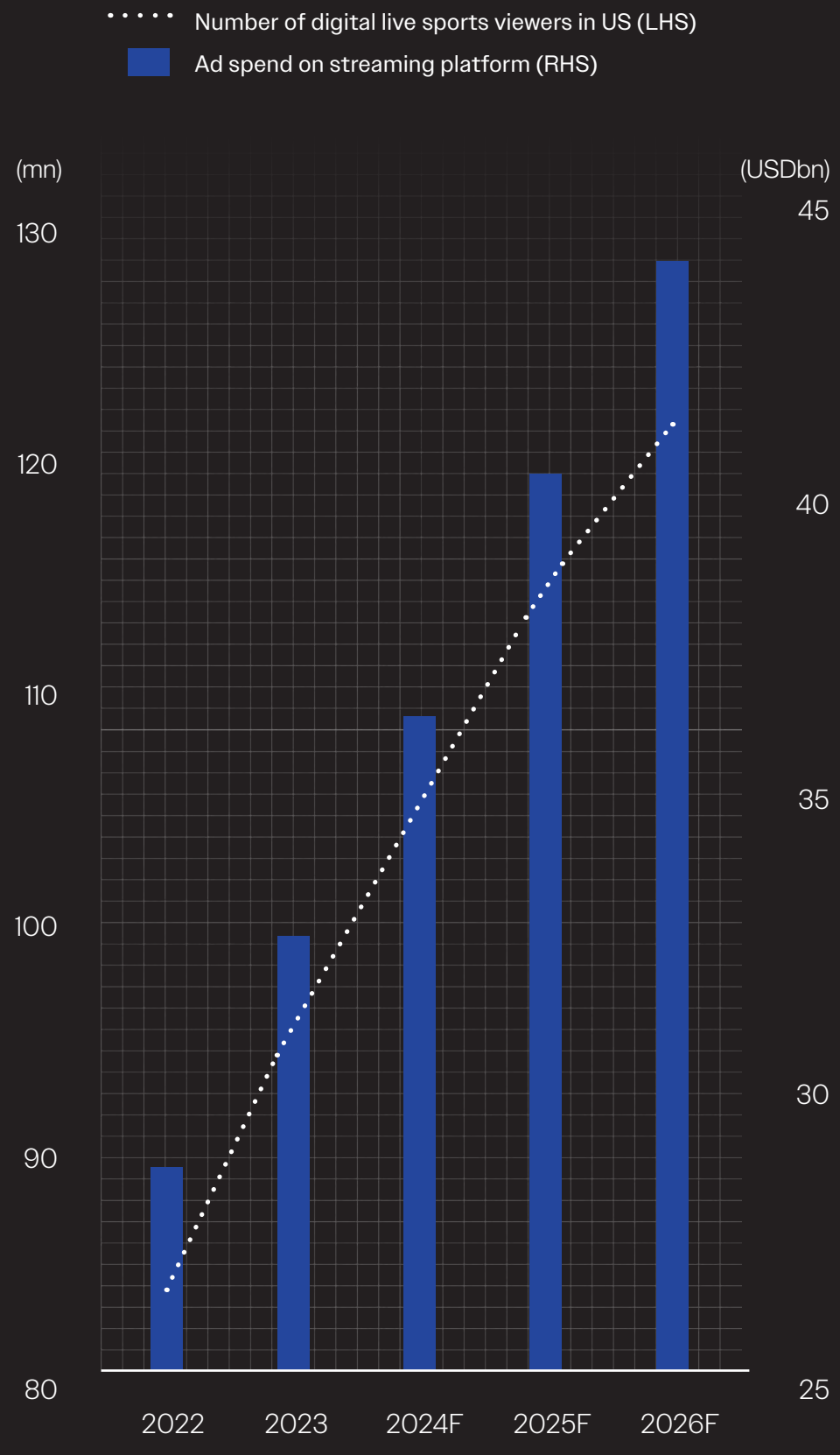


Source: eMarketer, DBS





ADVERTISERS ARE FOLLOWING THE EYEBALLS



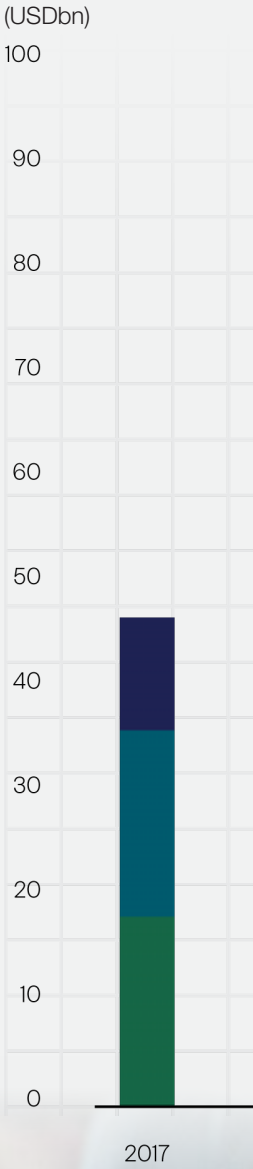
Source: eMarketer, DBS

TICKETING

Ticketing is a vital segment of the sports industry as it is inseparable from live sporting events. Companies like Live Nation, Ticketmaster, and Stubhub facilitate ticketing sales which encompass the sale of general admission tickets, season passes, premium seating, and luxury suites.

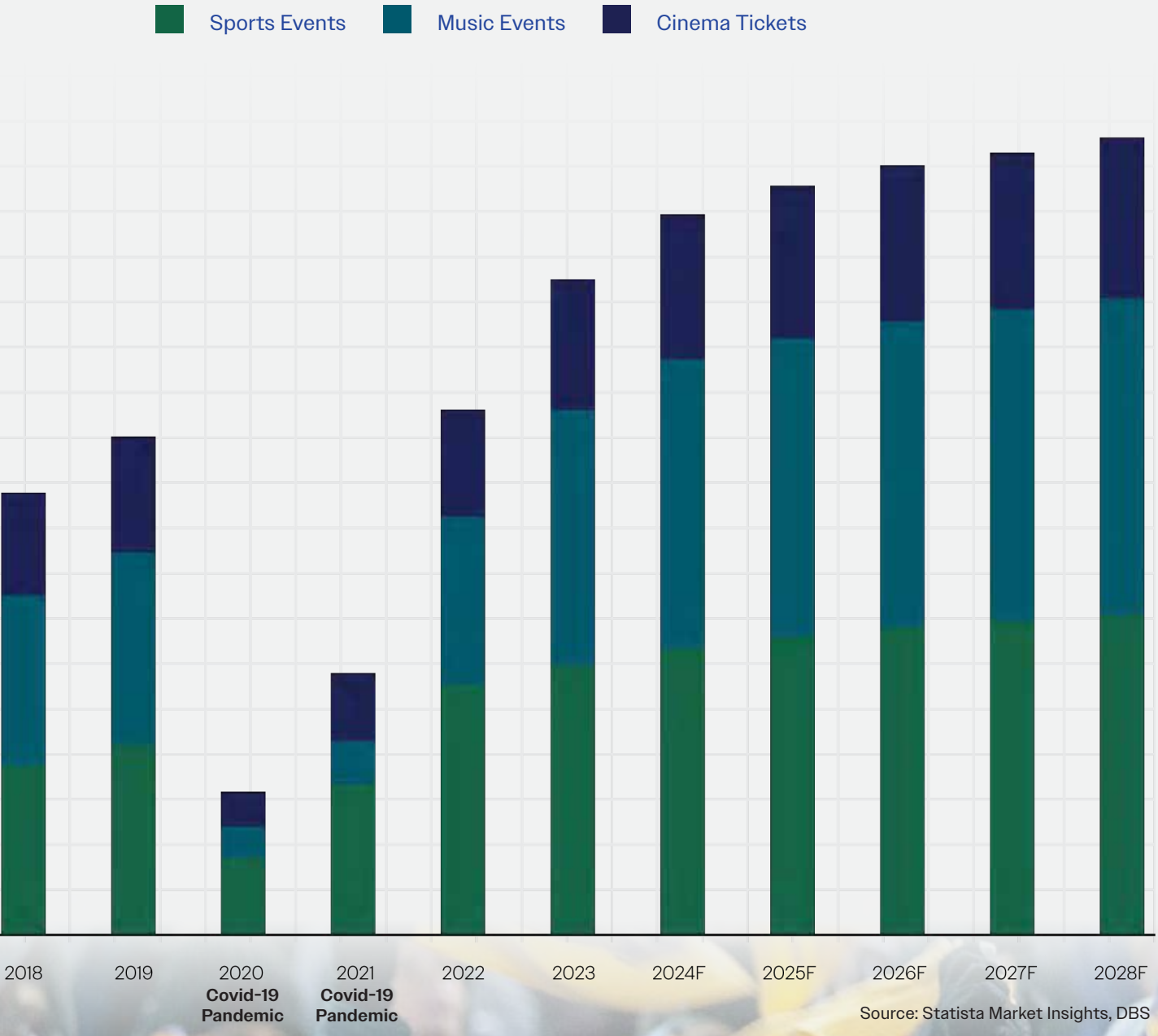
As more consumers seek unique and memorable experiences, live events have become increasingly popular, as seen from the size of the global event tickets market. According to estimates by Statista Market Insights, the worldwide events ticket space was valued at USD77.53bn in 2023 after experiencing a strong recovery post-pandemic.

In 2023, live sports and music events dominated the ticketing landscape, accounting for 41% and 39% of total revenue respectively. This distribution is expected to continue as the total revenue from live events is projected to grow significantly, reaching USD94bn by 2028. This suggests that the event ticketing market will continue to benefit from the robust growth trajectory of live events in the coming years.





WORLDWIDE REVENUE FROM LIVE EVENT TICKET SALES



Source: Statista Market Insights, DBS



SPORTS VIDEO GAMING

Video gaming transcends borders and culture. No matter where you are or what language you speak, the simple act of playing a game creates a universal connection.

According to Statista, there are c.2.58bn video gamers worldwide in 2024 and this constitutes around 83.6% of global internet users. This gaming community is expected to reach c.3.02bn by 2029 and this rise highlights the immense potential for the industry, offering investors vast opportunities to tap into a rapidly expanding market.

The sports video gaming industry is poised for tremendous growth, driven by: (1) Rise in streaming, (2) Growing interest in sports among women and youth, and (3) Growing popularity of sports-based eSports leagues. According to a survey conducted by YouGov, sports video gamers tend to be fans of corresponding sports. For instance, 67% of the gamers who play Madden NFL are also avid football fans.

Clearly, sports enthusiasts seek a connection with their favourite sports not only in real life but also in the virtual world. Hence, as traditional sports continue to gain traction, this enthusiasm will also translate to rising interest in sports video gaming. As such, the global sports video gaming market is expected to grow at a robust CAGR of c.13.0%, growing from c.USD24bn in 2024 to c.USD65bn in 2029.



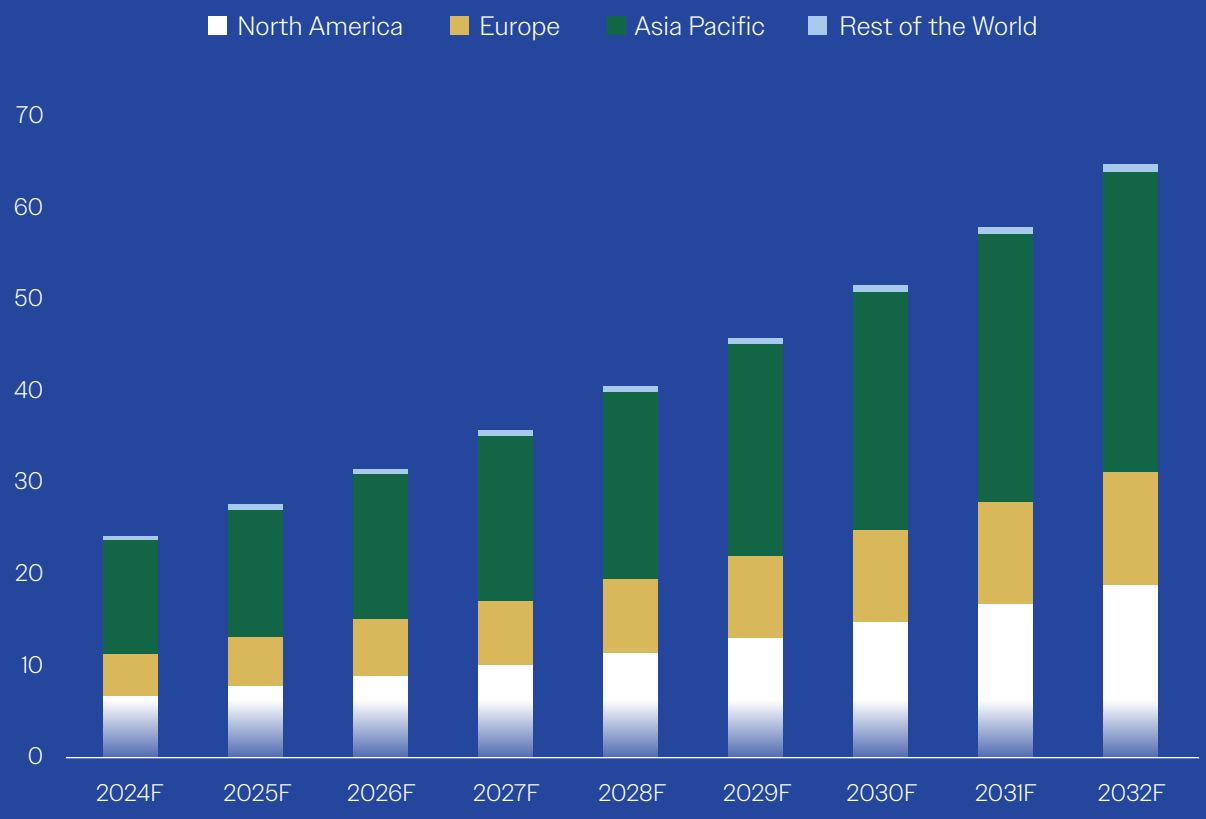
GAMERS THAT FOLLOW SPORTS (%)

Sports Video Games played

Sports followed	Madden NFL	NBA 2K	MLB The Show	FIFA	NHL
Football	67	59	56	47	59
Basketball	56	62	52	41	55
Baseball	51	47	58	29	56
Soccer	20	18	33	47	31
Ice Hockey	25	22	33	18	59

Source: YouGov, DBS

GLOBAL SPORTS VIDEO GAMING REVENUE (USDBN)



Source: Statista, DBS





CHAPTER FOUR

STAR PLAYERS

IN THE SPORTS ECONOMY:

OPPORTUNITIES IN PUBLIC COMPANIES



The sports economy is rapidly expanding, providing a wide range of investment opportunities for those looking to gain exposure to this theme. Investors can gain direct exposure to team ownership or seek adjacent opportunities in ticketing and venue management. The entrance of Big Tech companies in streaming live sports has made sports media rights extremely valuable, while sports analytics companies providing data-driven insights are also set to be a beneficiary of this expansion. Below, we will look at key public companies closely associated with the sports theme via the following channels:

- DIRECT EXPOSURE
- TICKETING / VENUE
- STREAMING
- SPORT ANALYTICS
- SPORTS VIDEO GAMING

DIRECT EXPOSURE

Madison Square Garden Sports Corp (MSGS US)

Madison Square Garden Sports Corp is an America-based holding company known for owning and operating the New York Knicks (NBA) and the New York Rangers (NHL). Their revenue is also projected to grow at a CAGR of 4.19% from USD887mn in FY2023 to USD 1,046mn in FY2026.

EXPOSURE TO THE SPORTS ECONOMY

The New York Knicks and the New York Rangers are consistently among the NBA and NHL's most valuable franchises in terms of revenue and valuations. The teams make the bulk of their money from:

i. Ticket Sales – Mainly from their live games at Madison Square Garden Arena

ii. Sponsorship and Advertising – Companies like State Farm, Monster Energy, and Delta Airlines have long-term ongoing sponsorship deals

iii. Broadcasting Rights – Apart from the league-level broadcasting deals, MSG Sports also broadcasts Knicks and Rangers' games on MSG Networks, a regional cable network in the New York area

iv. Merchandise – Both franchises have extensive merchandising deals with multinational brands like Nike that allow them to sell apparel and memorabilia internationally





Liberty Media Corp-Liberty Formula One (FWONA US)

The Liberty Media Formula One Group owns Formula One, the exclusive commercial rights to the FIA Formula One World Championship, and Quint, an industry-leading provider of tickets and hospitality packages to prominent sporting events like Formula One, NBA, Kentucky Derby, MotoGP, and NASCAR.

The company generates 29% of its revenue from race promotion fees, 32% from media rights fees, 18% from sponsorships, and 21% from others, which include hospitality from the Paddock Club. This revenue is projected to grow at a CAGR of 9.3% from USD3.2bn in FY2023 to USD4.2bn in FY2025.

EXPOSURE TO THE SPORTS ECONOMY

- Formula One is one of the most popular sporting events in the world, attracting 1.5bn viewers globally, with 5.7mn fans attending live races in 19 countries. Apart from Formula One (F1), the brand also owns a portfolio of motorsport brands like MotoGP, Superbike World Championship, Formula 2 (F2), Formula 3 (F3), and has partnerships with Formula E. Combined, these brands make the company one of the biggest and most influential global sporting platforms providing brands with unparalleled marketing and sponsorship opportunities.

  LVMH, for instance, has recently signed a decade-long billion-dollar deal with Formula One to offer unique experiences combining the thrilling world of motorsports with the luxury and craftsmanship of LVMH's brands, focusing on hospitality, bespoke activations, and exclusive content.

- In Jan 2024, Liberty Media acquired QuintEvents, an upscale provider of ticketing and hospitality experiences. Quint specialises in curating high-end official ticket and hospitality packages for Liberty Media's portfolio of events such as Formula One, NBA, MotoGP, Kentucky Derby, and NFL teams like the Chicago Bears and Green Bay Packers.

TICKETING/VENUE

Madison Square Garden Entertainment (MSGE US)

Madison Square Garden Entertainment is an American entertainment holding company known primarily for operating iconic live event venues such as the Madison Square Garden Arena and Theatre, Radio City Music Hall, and Beacon Theatre in New York. The company generates 75% of its revenue from entertainment offerings, 17% from food, beverages, and merchandise, and 8% from arena licensing fees and other leasing revenue. This revenue is projected to grow at a CAGR of 5.0% from USD 851mn in FY2023 to USD 1,035mn in FY2026.

EXPOSURE TO THE SPORTS ECONOMY

As an iconic live event venue in New York City, Madison Square Garden is home to some of New York's most iconic sports teams, including the New York Rangers (NHL), New York Knicks (NBA), and the St. John's Red Storm basketball team. Hosting all the home games for these teams, Madison Square Garden draws millions of fans annually. The arena's long-standing association with these teams solidifies its position as one of the most important venues in the sports and entertainment landscape in New York City.



Live Nation (LYV US)

Based in the US, Live Nation is one of the world's leading live entertainment companies. Formed from the merger of the two biggest players at the time, Live Nation and Ticketmaster, the company has a dominant share of the live events ticketing space. In 2023, the company promoted over 50,000 events across all categories, connecting 765mn fans from over 35 countries. From this, the company generates 82% of its revenue from Concerts, 13% from Ticketing, and 5% from Sponsorship & Advertising. This revenue is projected to grow at a CAGR of 4.7% from USD 22.7bn in FY2023 to USD 26.8bn in FY2025.

EXPOSURE TO THE SPORTS ECONOMY

Ticketmaster is one of the most notable ticketing platforms for sports, including the NFL, NBA, NHL, MLB, Superbowl, UFC, and NCAA tournaments. They are regarded as the industry standard for most live event categories, especially music and sports. Apart from managing ticketing services, they provide services like dynamic pricing, in-stadium advertising, digital marketing, and even brand experiences. As the sports industry continues evolve and grow, Live Nation's integral role in facilitating the connection between sports teams and fans will only grow in tandem.

STREAMING

Alphabet (GOOGL US)

Alphabet, the holding company of Google, is a leading tech giant with a broad array of products including search engine, mapping services, email, and operating systems. It dominates the global search engine market with a c.91% market share. The company also sells hardware products and online advertising services. Revenue stems from the reporting segments Google Services (88.7%), Google Cloud (10.8%), and Other Bets (0.5%), and is projected to grow at a CAGR of 3.4% from USD307bn in FY2023 to USD329bn in FY2025.

EXPOSURE TO THE SPORTS ECONOMY

- Alphabet successfully bid for the rights in Dec 2022 to broadcast NFL Sunday Ticket on the YouTube TV and YouTube Primetime channels. This deal allows subscribers of the NFL Sunday Ticket to watch Sunday games, which were not being broadcasted by local stations.
- Since 2019, Google DeepMind has embarked on a multi-year collaboration with Liverpool FC, a prominent club in the Premier League, to advance sports analytics. This partnership has led to the development of TacticAI, an AI system that utilises predictive and generative model to provide coaches with tactics and strategies, specifically on corner kicks.



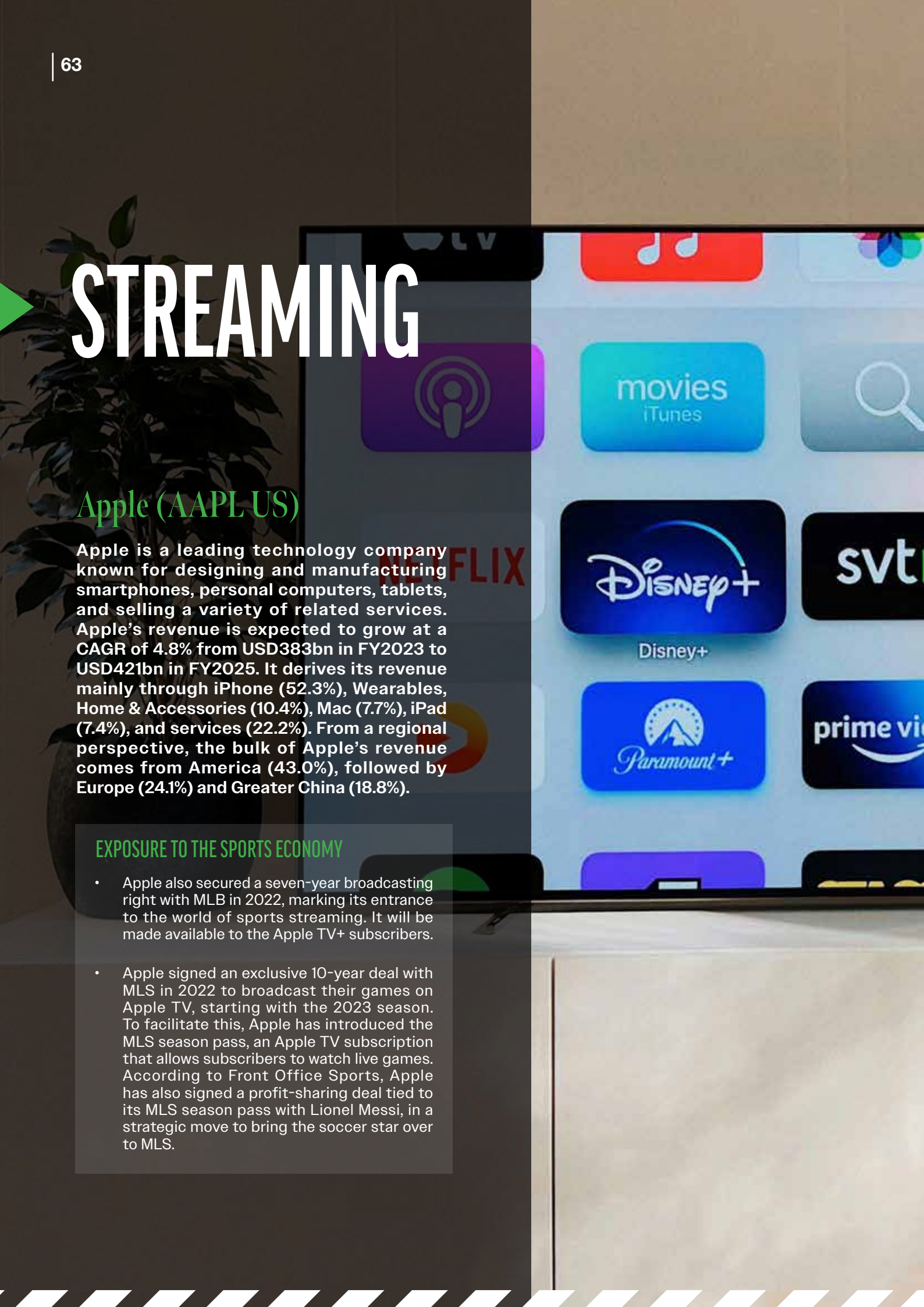
Amazon (AMZN US)

Amazon is an American multinational technology company which focuses on ecommerce, cloud computing, digital streaming, and artificial intelligence. The company is the leading ecommerce player globally and accounts 39% of the US ecommerce business. Amazon's revenue is expected to grow at a CAGR of 10.7% from USD575bn in FY2023 to USD705bn in FY2025. It derives its revenue mainly through Online Stores (42.8%), Third-Party Seller Services (22.9%), Amazon Web Services (15.8%), Advertising Services (8.2%), and Subscription Services (7.0%). The lion's share of the revenue, accounting for 61.4%, stems from North America (61.4%).

EXPOSURE TO THE SPORTS ECONOMY

- Amazon has secured broadcasting deals with major sports leagues such the Premier League, NBA, MLB, and NFL, giving Amazon the rights to broadcast select games on Amazon Prime. In certain regions, Amazon Prime introduced sports-related channels which may require their customers to pay a premium on top of basic membership fees to access live sports.
- Sports organisations are leveraging Amazon Web Services (AWS) to enhance fan engagement and performance analytics. For instance, the partnership of AWS and NFL has improved areas such as match scheduling, injury detection, and the development of the Tackle Probability model.

STREAMING



Apple (AAPL US)

Apple is a leading technology company known for designing and manufacturing smartphones, personal computers, tablets, and selling a variety of related services. Apple's revenue is expected to grow at a CAGR of 4.8% from USD383bn in FY2023 to USD421bn in FY2025. It derives its revenue mainly through iPhone (52.3%), Wearables, Home & Accessories (10.4%), Mac (7.7%), iPad (7.4%), and services (22.2%). From a regional perspective, the bulk of Apple's revenue comes from America (43.0%), followed by Europe (24.1%) and Greater China (18.8%).

EXPOSURE TO THE SPORTS ECONOMY

- Apple also secured a seven-year broadcasting right with MLB in 2022, marking its entrance to the world of sports streaming. It will be made available to the Apple TV+ subscribers.
- Apple signed an exclusive 10-year deal with MLS in 2022 to broadcast their games on Apple TV, starting with the 2023 season. To facilitate this, Apple has introduced the MLS season pass, an Apple TV subscription that allows subscribers to watch live games. According to Front Office Sports, Apple has also signed a profit-sharing deal tied to its MLS season pass with Lionel Messi, in a strategic move to bring the soccer star over to MLS.

SPORT ANALYTICS

Oracle (ORCL US)

Oracle Corp is the second largest software company in the world by revenue. The company provides enterprise software products, including solutions for enterprise resource planning (ERP), human capital management (HCM), customer relationship management (CRM), enterprise performance management (EPM), and supply chain management (SCM). Its revenue is expected to grow at a CAGR of 10.8%, from USD52bn in FY2024 to USD65bn in FY2026. Oracle derives its revenue from Cloud & License (84.0%), Services (10.3%), and Hardware (5.8%). From a geographical angle, its largest revenue is from United States (54.9%) and the remaining 45.1% are from foreign countries.

EXPOSURE TO THE SPORTS ECONOMY

- Oracle Cloud Infrastructure (OCI) provides advanced cloud solutions for sports analytics through the use of integrated statistics and machine learning methods to identify patterns, trends, and insights that will offer teams a competitive edge. SailGP, an international sailing league, utilises OCI-powered analysis to enable teams to make more informed decisions during races and to develop race strategies, while reducing the probability of equipment failure. SailGP has extended its partnership with OCI through 2026.

SAP (SAP GR)

SAP is a Germany-based company that offers enterprise application software. The company develops software to manage business operations and customer relations, and its well-known enterprise resource planning (ERP) software spans HCM, CRM, and SCM solutions for customers from different industries. Forecasted with an impressive CAGR of 9.7%, SAP is expected to see its revenue grow from EUR31bn in FY2023 to EUR38bn in FY2025. The key revenue pillars are Cloud & Software (86.3%), followed by Services (13.7%). Geographically, its revenue stems mainly from Europe, Middle East, and Africa (44.9%), followed by America (40.9%) and Asia Pacific and Japan (14.2%).

EXPOSURE TO THE SPORTS ECONOMY

- SAP Sports One provides sport franchises with digital sports performance management by integrating administrative tasks, team scouting, training regime and team management, and medical processes into a single system. For example, FC Bayern Munich, a renowned German soccer club, utilises the system to scout for new talents as well as to monitor the health and performance of its players, ensuring that the club stays competitive.



SPORT VIDEO GAMING



Sony (6758 JP)

Sony Corporation (Sony) is a global conglomerate dating back to 1946. It designs, develops, and sells a diverse range of electronic products and services. Sony's revenue streams are diversified across segments such as Game & Network Services (32.1%), Entertainment Technology & Services (18.6%), Financials (13.5%), Music (12.3%), Imaging & Sensing Solution (11.6%), and Pictures (11.4%). Regionally, its revenue stems mainly from United States (28.8%), followed by Japan (23.3%) and Europe (20.2%).

EXPOSURE TO THE SPORTS ECONOMY

- Sony ranks as one of the most significant companies in the video gaming industry through its subsidiary, Sony Interactive Entertainment (SIE). SIE is responsible for not only the PlayStation brand (one of the most successful and influential gaming platforms), but also owns c.21 major first-party development studios that produce an extensive list of award-winning games. For instance, "MLB: The Show" – MLB's sole simulation game since 2014 – exemplifies Sony's commitment to producing high-quality, immersive experiences. The game has consistently received critical acclaim for its realistic gameplay and attention to details.

- Sony recently announced the acquisition of KinaTrax, a leader in advanced markerless motion capture technology that collects biomechanical performance data of athletes. By integrating KinaTrax with other Sony Group sports technology companies such as Hawk-Eye, Beyond Sports, and Pulselive, Sony aims to deepen its expertise in sports data, offering valuable insights for leagues, teams, athletes, and fans.



Electronic Arts (EA US)

Electronic Arts Inc. (EA) is a leading global company in the digital interactive entertainment industry. The company develops, publishes and distributes video games across multiple platforms. EA derives its revenue from Full Game Sales (20%) and Live Services (80%). From a geographical angle, majority of its revenue is from United States (40%), with the remaining 60% from other parts of the world.

EXPOSURE TO THE SPORTS ECONOMY

- EA is known for its significant involvement in sports through the EA Sports division. They develop some of the most popular sports video game franchises in the world such as the FIFA series, Madden NFL, NHL, NBA Live, PGA Tour, and EA Sports UFC. These ultra-realistic sports simulation games play a pivotal role in bridging the gap between traditional sports and digital entertainment, providing an interactive platform for fans to engage with their favourite sports. Above all, they also help expand the reach of sports to new audiences through an easy-to-access medium – video games.


CIRIO

KEY FINANCIAL RATIOS

BLOOMBERG TICKER	COMPANY	MARKET CAP (USDBN)	FORWARD P/E (X)	P/BOOK (X)	ROE (%)	OPM (%)	NET DEBT TO NET EQUITY(%)	DIV. YIELD (%)
Direct Exposure								
FWONA	Liberty Media	23	59.5	2.3	2.0	9.2	26.3	-
MSGS	Madison Square Garden Sports	5	136.5	-	5.3	14.2	-	-
Ticketing								
LYV	Live Nation	30	46.8	90.3	1,188.6	4.7	149.0	-
MSGE	Madison Square Garden Entertainment	2	23.8	-	34.6	11.7	-	-
Streaming								
AAPL	Apple	3,785	30.6	60.9	128.0	31.5	-66.0	0.4
GOOGL	Alphabet	2,324	19.0	6.3	30.5	27.4	-29.0	0.3
AMZN	Amazon	2,307	27.7	7.5	19.5	6.4	33.6	-
Sports Analytics								
ORCL	Oracle	466	26.8	45.6	85.7	29.0	907.1	1.0
SAP	SAP	300	36.1	5.9	13.7	18.6	-5.7	0.9
Sports Video Gaming								
6758	Sony Group	132	16.5	2.2	8.2	9.2	23.0	0.6
EA	Electronic Arts	38	18.8	5.1	-	20.1	-14.2	0.5

Source: Bloomberg, DBS

THE OUTPER
OF SPORTS



FORMANCE

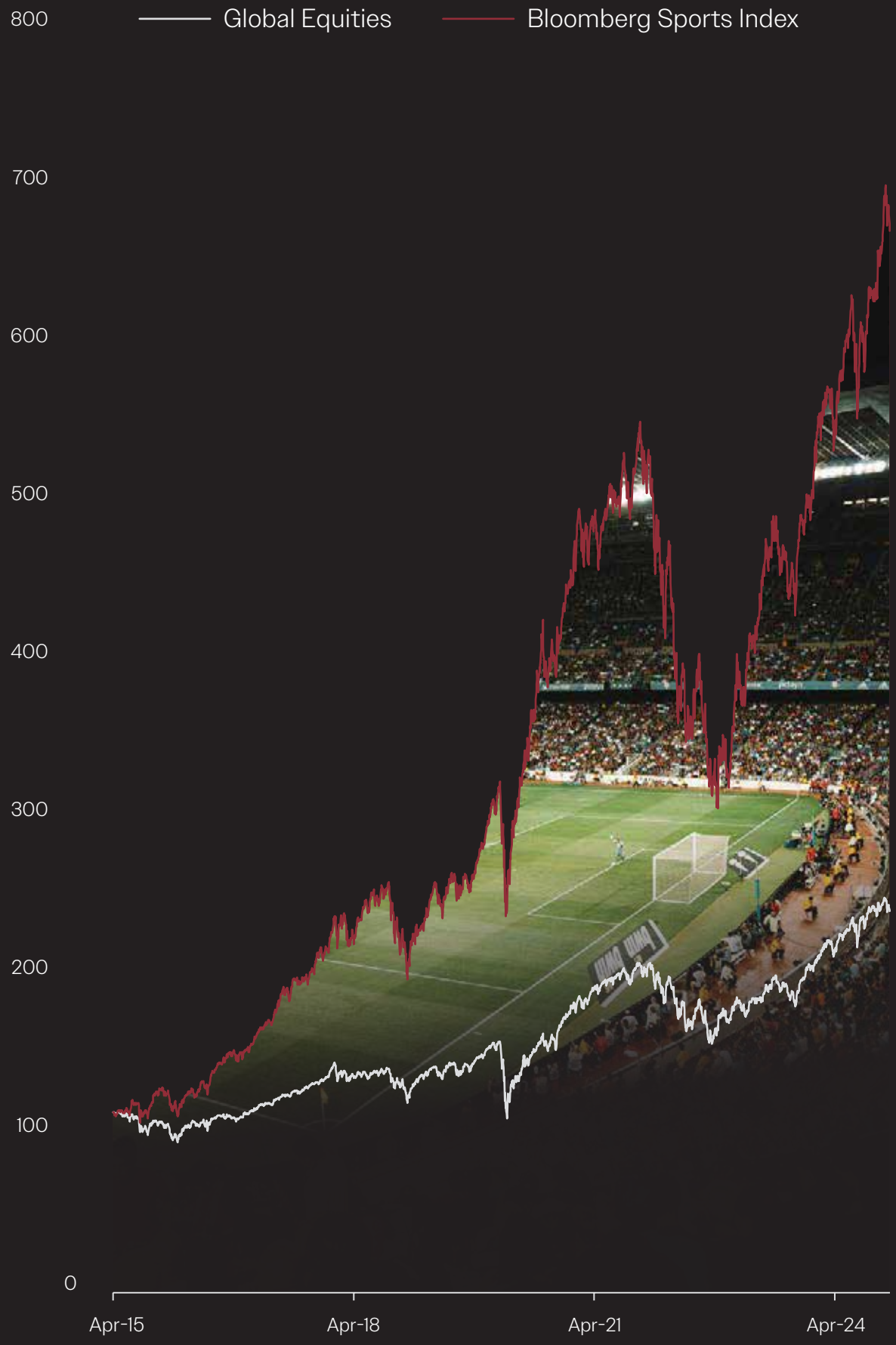


With the advent of streaming, and the robust growth of women's and youth sports, the sports economy has garnered significant momentum. As a result, the sports theme (using the Bloomberg Sports Index as a proxy) has dramatically outperformed global equities by 431 %pts over the last decade, underscoring how the sports industry has become a compelling growth story and a very resilient investment theme.

In the private space, sports franchises, once seen as trophy assets, now offers real investment value, marked by rising valuation and uncorrelated performance with traditional assets. In addition, regulatory shift in US major leagues, now allowing for private equity fund ownership in sports franchises, has further catalysed growth. This has led to the strong outperformance in sports franchises against public markets (proxied by the S&P500). For two decades, from 2002 to 2023, sports franchises in NBA, NFL, NHL, and MLB have posted robust outperformance of 1,184 %pts, 418 %pts, 266 %pts, and 268 %pts respectively.

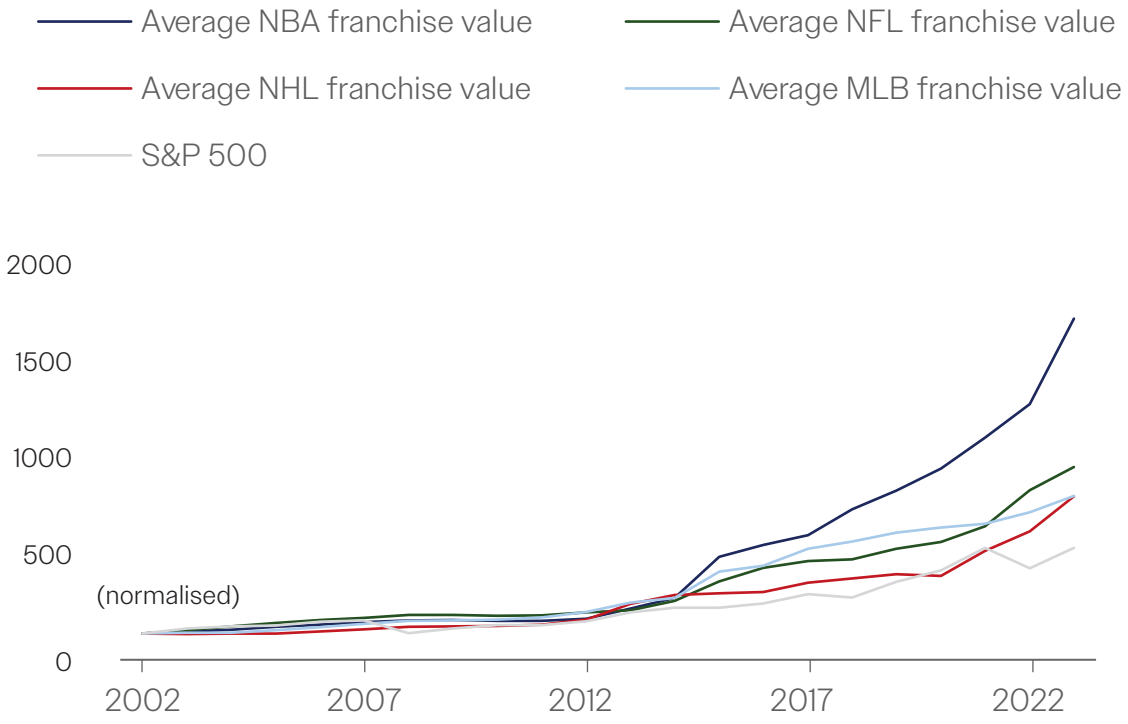
Furthermore, incorporating sports franchises into one's portfolio also offers diversification benefits beyond just holding equities and bonds, improving the overall portfolio risk-return profile. As illustrated in the following chart, allocating 10% of a portfolio to sports franchises shifts the efficient frontier upwards, as compared to the efficient frontier limited by just equities and bonds. Increasing the allocation to 30% further expands the efficient frontier. This demonstrates the benefits of adding sports franchises to a portfolio, allowing investors to have a higher return for a given level of risk taken.

OUTPERFORMANCE OF SPORTS INDEX



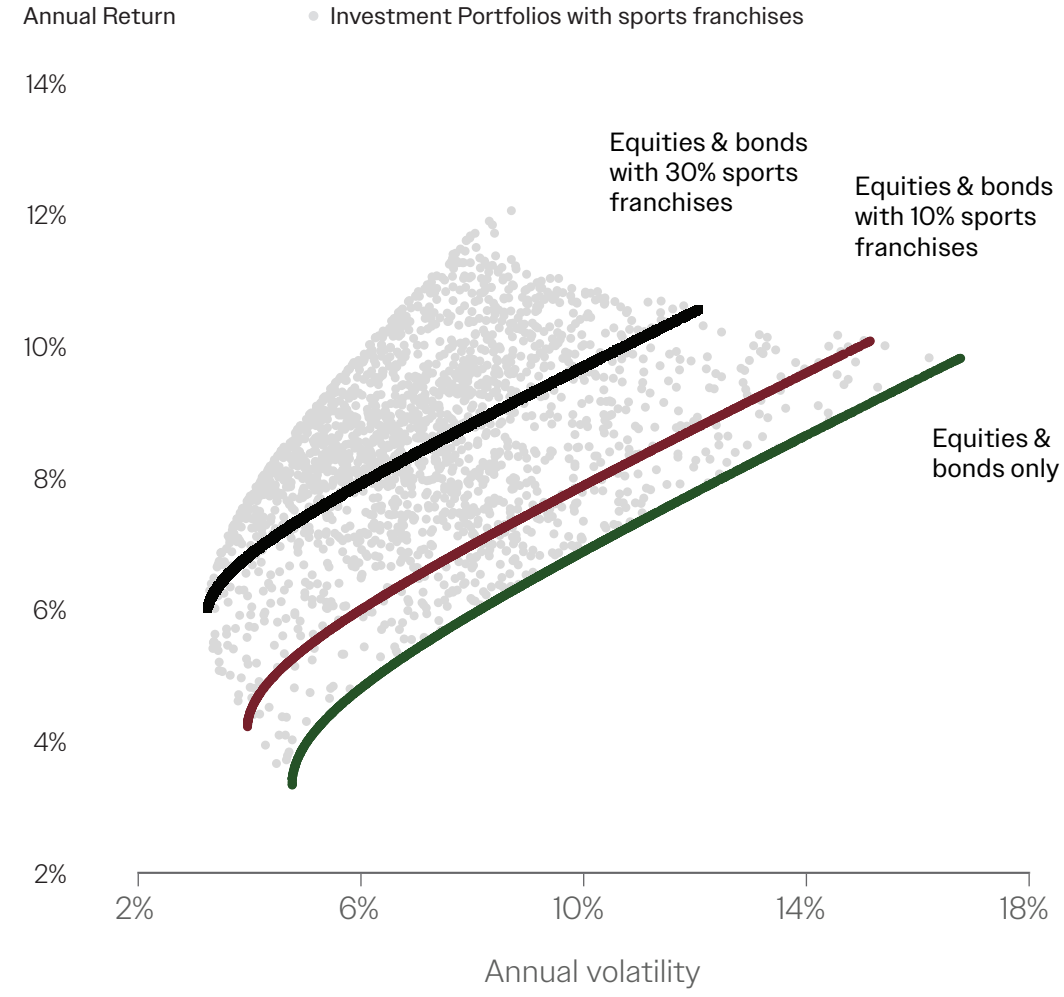
As of 31 Dec 2024
Source: Bloomberg, DBS

OUTPERFORMANCE OF US MAJOR LEAGUE FRANCHISES



Source: Statista, Bloomberg, DBS

SPORTS FRANCHISE EXPANDS EFFICIENT FRONTIER UPWARDS



Source: Statista, Bloomberg, DBS

CIO COLLECTION



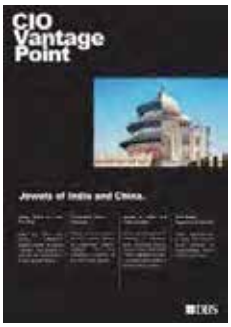
SPACE: THE NEXT FRONTIER
June 2024



LUXURY, REDEFINED.
January 2024



INTO THE AI FRONTIER
June 2023



JEWELS OF INDIA AND CHINA
May 2023



HEALTHCARE: A PRESCRIPTION FOR GROWTH
November 2022



CONTENT IS KING
August 2022



COMMODITY INVESTING
June 2022



INFLATION CHRONICLES
April 2022



ALTERNATIVES
March 2022



THE METAVERSE
November 2021



ESG INVESTING
September 2021



I.D.E.A.
August 2021



AN ELECTRIFYING FUTURE
June 2021



CRYPTOCURRENCIES
May 2021

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