PRIVATE EQUITY PERFORMANCE IMPROVEMENT

Winning Strategies: 5 Moves for Private Equity to Unlock Value in Sports

The sports industry is entering a new phase of institutional investment. Once centered on leagues and events, it has evolved into what researchers describe as one of the most powerful corporate-entertainment sectors in history[1].

When measured across its full economic footprint, including live events, sportswear, equipment, media, and fan engagement, the industry reached an estimated US $2.3 trillion in 2019, with continued expansion through 2023[2]. This growth reflects wider integration of sport into global commerce, technology, and culture, positioning it as both a cultural force and a major driver of investment worldwide.

Dedicated capital vehicles, new ways to monetize fans, and shifting rights structures are pulling in private equity (PE) interest and investments at a pace that hasn't been seen before. Traditional PE playbooks are still relevant, but for sports acquisitions they need adaptation. Investors must understand and address varying revenue models, increased governance rules, seasonality, and the realities of brand integrity and community relations.

This paper outlines five strategic moves that can help investors realize sustainable value in sports investment while managing its unique complexities.

1 https://pmc.ncbi.nlm.nih.gov/articles/PMC8453074
2 https://gis.sport/news/the-true-size-of-the-global-sports-industry

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Five Strategic Moves for Investors

1 Align Capital with Rights Cycles to Manage Volatility and Entry/Exit Decisions

Sports revenues vary by league or team and are generally tied to broadcast rights fees and renewals, sponsorship agreements, and season ticketing. These cycles create predictable cash flow inflection points that should inform entry and exit strategies. At the same time, sporting outcomes directly affect attendance, sponsorship, and viewership, exposing investors to performance-driven volatility.

In practice that means private equity investors can mitigate risk by structuring financing around performance milestones, such as league position, ratings, or attendance, and using earn-outs or performance pricing. The real trick is to match the investment horizon to those rights events and to keep a close eye on how the inevitable wins and losses ripple through the numbers.

2 Take the Long View with Patient, Flexible Capital and Strategic Rightsholder Partnerships

Accretive value creation in sports often requires a longer-term view and multi-year investments. These can range from stadium upgrades and streaming platform improvements to youth development and academies. Patient, flexible capital enables both asset appreciation and recurring revenue growth over the holding period.

Governance in sports extends well beyond shareholders. Leagues, federations, governments, and fans all hold influence, and formal protocols often dictate how ownership and investors must operate. For PE investors, success hinges on collaboration and trust. Even with a minority stake, investors can still shape outcomes so long as they know when to use their "inside voice" meaning influence through relationships, credibility, and quiet persuasion rather than formal control.

3 Monetize the Ecosystem, Sponsorships, and Partnerships

Teams and leagues increasingly function as platforms that extend far beyond the game itself. Merchandising, esports, betting, hospitality, and digital engagement offer major adjacencies for growth.

Sponsorships, in particular, are typically among the top three revenue streams in sports but are often under-monetized. PE can professionalize sponsorship sales through global category exclusivity, tiered rights packages, and enhanced cross-portfolio partnerships. Expanding into adjacent verticals such as financial technology, health and wellness, or streaming further diversifies revenue. No matter what PE firms choose to do, the balance of investments should carefully preserve fan engagement and brand integrity.

4 Harness Data, Technology, and Off-Season Execution

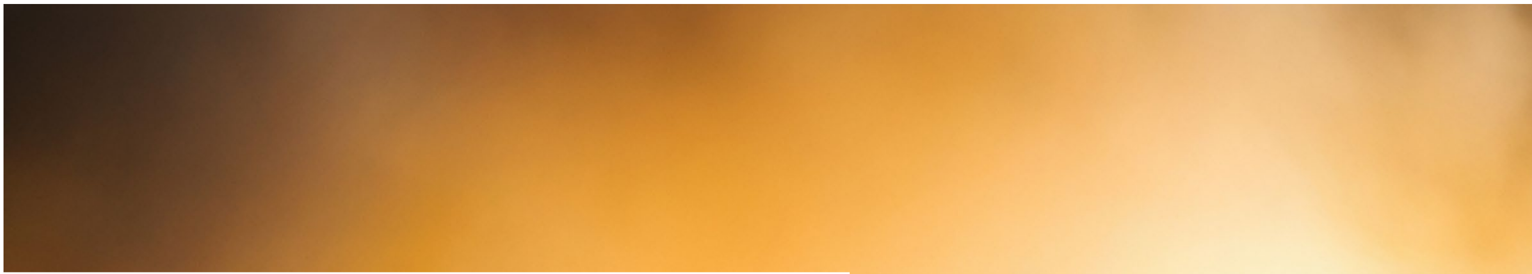
Data and technology are transforming sports. Analytics can sharpen yield management, sponsorship return on investment, and drive personalized fan engagement. Digital platforms expand average revenue per user and customer retention through tailored content and experiences.

Yet execution is just as important as insight. Technology upgrades, from ticketing and customer relationship management to streaming and payments, must be sequenced around competition schedules. The off season is often the only real window to pull off system cutovers or integrations without disruption, so planning around it is key to maintaining seamless fan experiences.

5 Manage Public and Reputational Risk Proactively

Sports investments are highly visible, emotionally charged, and heavily scrutinized. Fans, regulators, and the media all hold outsized influence. Missteps can quickly erode a team's reputation and financial value.

For investors, proactive community engagement, transparent governance, and thoughtful communication strategies are essential for these investments. Sports demand an elevated standard of risk management that considers not only financial outcomes but also the perceptions of a broad, and passionate, stakeholder base.



The Opportunity for PE in Sports

PE's entry into sports represents both opportunity and complexity.

The levers of value creation are familiar, but the industry's unique structures, visibility, and fan intensity require a tailored approach for these investments. Those investors who align with rights cycles, take the long view, monetize ecosystems, deploy technology smartly, and manage reputational risk stand to create sustainable value while helping to shape the future of global sport.

How A&M Can Help

At Alvarez & Marsal, we bring a global network of professionals with experience in mergers and acquisitions, performance improvement, valuation, and tax. We combine these capabilities with deep industry expertise to help investors navigate the unique dynamics of live events, sports, and entertainment.

Our teams partner with investors and management to:

- Design and execute capital structures that align with rights cycles and seasonality
- Drive operational improvement programs that safeguard brand integrity and fan engagement
- Unlock value through commercial excellence, sponsorship monetization, and ecosystem expansion
- Support complex transactions with valuation, due diligence, and tax structuring expertise

With a track record of delivering results across high-profile sports and entertainment assets, A&M is uniquely positioned to help investors capitalize on opportunities while managing risk.

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Case Study

Driving Efficiency Without Losing the Magic of the Game

A professional sports team was looking to identify operational efficiencies and cost savings across its sports operations and guest experience businesses. Rising costs and complex governance needs were putting pressure on leadership as they attempted to optimize the cost structure while maintaining the quality of their on-field performance and fan experience. A&M partnered with management to perform a comprehensive assessment of corporate functions, operations, and venue services to identify potential opportunities.

This work identified over $15 million in potential savings that the team could begin actioning immediately. Key initiatives included:

- **Revenue and Marketing**: Opportunities were identified to redesign commission structures and digitize season-ticket renewals, simplifying the fan experience and lowering the cost to serve.
- **Operations:** The assessment highlighted the potential for efficiencies via advanced security screening technology and a restructured public-safety model to improve efficiency while maintaining high safety standards.
- **Finance and Accounting:** The automation of recurring activities, such as event reporting, was recommended to enable leaner teams and timelier, more accurate financial insights.
- **Guest Experience:** Potential workforce planning changes were outlined across operations to manage labor costs without compromising guest experience.
- **Procurement:** Contracting and vendor-management initiatives, including consolidation of suppliers and renegotiation of key food-and-beverage agreements, were identified to increase leverage and capture meaningful savings.

A&M worked with the team's management to shape a practical roadmap that translated identified opportunities into measurable results. In the end, the team continued to perform, protected the fan experience, and locked in measurable financial improvement.

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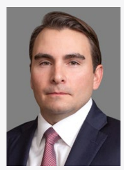

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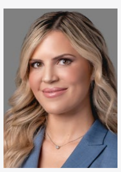

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Founded in 1983, Alvarez & Marsal is a leading global professional services firm. Renowned for its leadership, action and results, Alvarez & Marsal provides advisory, business performance improvement and turnaround management services, delivering practical solutions to address clients' unique challenges. With a world-wide network of experienced operators, world-class consultants, former regulators and industry authorities, Alvarez & Marsal helps corporates, boards, private equity firms, law firms and government agencies drive transformation, mitigate risk and unlock value at every stage of growth.

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