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## **A view on the evolution of fc Porto: Portugal's sports management**

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### **Abstract**

This investigation addresses the FC Porto SAD accounts report for the years 2016/2017, 2017/2018 and 2018/2019. It begins by telling the history of the club, highlighting its successes over the years as well as the place where the professional football team usually plays, the dragon's stadium. Without forgetting the management in football, and the importance of the club president and his weight in football history. The field study focuses on the analysis of the reports and accounts of the last three seasons, with special emphasis on the study of equity and liabilities and what motivated the results obtained.

From the research carried out, we can deduce that this club has gone through a positive phase in the last three decades although its management could go further in terms of economic and financial results.

**Keywords:** Porto, sports, equity, liabilities

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### **Introduction**

It was founded on 28 September 1893, by António Nicolau d'Almeida, a sportsman par excellence and an excellent port wine trader, becoming one of the "big three" clubs in Portugal, together with Sporting and Benfica, its great rivals. The club has never been relegated from the championship since it was established in 1934. The team's nicknames are "dragons" or "blue and white", which is based on the association with the colours of the main equipment. Its supporters are called "portists." Their home football matches are held at the Dragon Stadium, which opened in 2003 and has a capacity of 50,035 seats, and which replaced the old Antas Stadium.

FC Porto is one of the most successful Portuguese clubs in terms of the total number of titles won by the professional football team, with a total of 76 official titles. Internally, it won 28 Premier League titles, 16 Portuguese Cup titles, 4 Portuguese Championship titles (a record together with Sporting) and 21 Cândido de Oliveira Super Cup titles (another record). After Benfica, FC Porto became the second team in Portuguese league history to complete two undefeated seasons, namely in 2010-11 and 2012-13. Also in 2010-11, FC Porto achieved the highest point difference between the champion and runner-up (21), on a three-point winning system, achieving at the time their second four-point haul (four titles in one season). Internationally, FC Porto has won seven European and world titles, a record in Portuguese football: the European Champions Cup and the UEFA Champions League in 1986-87 and 2003-04, respectively; the UEFA Cup and the UEFA European League in 2002-03 and 2010-11, respectively; the European Super Cup in 1987 and the Intercontinental Cup in 1987 and 2004. It is the only Portuguese club to have won the last three competitions mentioned, and to have achieved a triple continental: domestic league, cup and European title (2002-03 and 2010-11). In addition, he was a finalist in the 1983-84 Cup Winners' Cup and in the 2003, 2004 and 2011 UEFA Super Cup.

### **Dragon Stadium and the President of the Clube**

The Dragon has a capacity for 50033 spectators and is endowed with unique features that, enriched by the placement of green spaces and the restructuring of the roads annexed to the sports complex, residential and commercial, materialize a new centrality in Porto. The Dragon affirms itself as a sporting and cultural reference point of the city and region

The inaugural ceremony took place on 16 November 2003, in a private meeting between FC Porto and the guest FC Barcelona, which ended with a 2-0 blue and white win (goals by Derlei and Hugo Almeida). Later, the Estádio do Dragão hosted the opening match of UEFA EURO 2004, discussed between the national teams of Portugal and Greece, and was the stage of the dazzling journey towards the conquest of Europe, in the season 2003/04. In 2019 it hosted the final phase of the first edition of the League of Nations, won by Portugal, who beat Switzerland and the Netherlands at the Dragon.

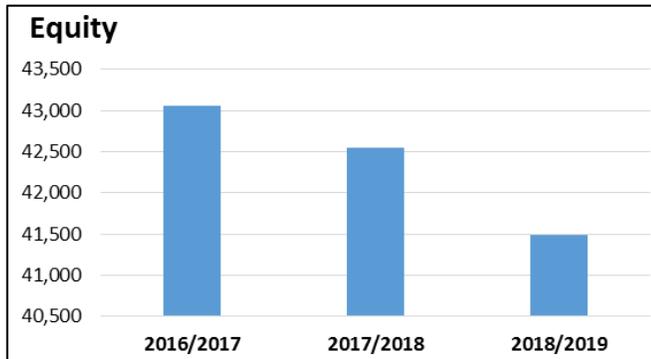
Jorge Nuno Pinto da Costa, is the most qualified president of the world, recognized at national and international level, in which he has held the position of president of FC Porto for 37 years. He was elected on April 17, 1982, becoming the 33rd president of FC Porto, leading the club to this day. o. According to Carlezzo (2003), governance was born, to make the company's relationship with its members and the market more transparent, thus bringing stability and sustainability to the organizations' actions. It is important to emphasize the importance of the president in question in the development of FC Porto, contributing greatly to the sporting successes achieved during its lifetime, becoming a true icon for fans and a reference for all.

### **2. Empirical study**

This study aims to begin with a general analysis of the club's equity and short, medium and long-term liabilities. Thus, it

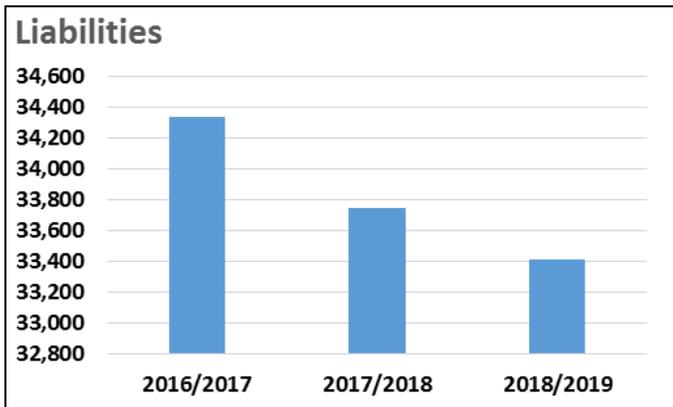
Begins with an analysis of the graphs below, which aim to answer the following questions from the point of view of the club's economic and financial performance:

- Operational results excluding transactions of player's passes;
- Results related to player's passes;
- Financial and investment results (plus income tax);



Source: The authors

Chart 1: Equity



Source: The authors

Chart 2: Liabilities

### Season 2016/2017

Futebol Clube do Porto SAD presents, in the financial year 2016/2017, a negative net profit of 35,315 million euros. Comparing the equity of the time mentioned and the liabilities it is verified that the equity is superior to the liabilities, however the result was negative. In this financial year, the negative result is due to a weak revenue with transfer of players and the increase of financial credits with banking institutions. The positive aspects in this period were the revenues obtained in the UEFA's evidence, as well as the television broadcasting rights.

### Season 2017/2018

The net result was negative by 28,444 million euros. When comparing equity and liabilities for the same period, it can be seen that equity is higher than liabilities, however even showing a negative result improved the result compared to the same period in 6,871 million euros. For this period, the FC Porto was obliged to achieve certain targets defined by UEFA due to financial imbalances. In this way, it would necessarily have to improve its net results. It improved compared to the previous period its operating income, the results with player's passes, however the

costs with staff increased due to the conquest of the championship, which forced the club to pay prizes to its athletes.

### Season 2018/2019

It should be noted that FC Porto presented a net result of 7,158 million euros after two sports seasons with negative net results. Comparing the equity of the season 2018/2019 and the liabilities of the same period we can see that equity is higher than liabilities. In this period, the club improved its operating results due to the increase in revenues with the Champions League and the beginning of the accounting of the contract signed with Altice. On the other hand, the negative aspect of this period was the operations with player's passes that had a negative result, between purchases and sales.

### Conclusion

After the elaboration of this work on the report of accounts of Futebol Clube do Porto SAD, it is possible to say that during the analyzed periods, the institution improved its net result season by season, ending up obtaining a positive result during the last period what had not been verified in the season 2016/2017 and 2017/2018. It was verified that the equity and the liabilities were decreasing along these three periods, in a gradual way. The periods in which the net result was negative were due to the increase in operating costs, such as staff salaries and bonuses and the decrease in revenues from the transfer of players, achieving in the interim period to be champion (2017/2018). The positive result was due to the decrease in operating costs and the increase in revenues, such as the Champions League. In short, it is possible to say that FC Porto, despite being a major national and international club, has much to improve to achieve economic stability.

### References

<https://www.fcporto.pt/pt>