First half 2012/13 results

EBITDA well into positive territory: €6.1M
owing to proactive reduction in expenses
and despite Champions League absence

Lyon, 19 February 2013

On 19 February 2013, the Board of Directors of OL Groupe approved the financial statements for the first half of 2012/13[(1)].

A proactive reduction in expenses largely offset the reduction in revenue

Revenue in the first half of the financial year principally reflected an unfavourable impact on ticketing revenue and media rights, totalling around €15 million, which came about because the club participated in the Europa League and not the Champions League as it did in the previous season. The following factors also had a negative impact on first-half revenue: major Ligue 1 matches are scheduled for the second half of the season, non-recurring revenue declined (by €2.5 million) and the economy was weak.
In accordance with the strategy approved by the Board of Directors, which aims to return the Group to profitability by 2013/14, proceeds from the sale of player registrations rose sharply, by €11.4 million compared with the year-earlier period. Total revenue thus stood at €76.5 million, down €9.2 million from the first half of the previous financial year.

Implementing the strategic plan also entailed a sharp reduction in personnel costs, external costs and amortisation of player registrations (down €12 million from H1 2011/12). This offset the decline in revenue to a large extent.

EBITDA remained positive at €6.1 million. After accounting for amortisation and other expenses (€13.4 million) and net interest expense (€1.1 million), the pre-tax loss was €8.4 million for the first half of 2012/13, vs. a loss of €7.1 million in H1 2011/12.

Good start to the football season

Both the men's and women's teams have so far performed well in their respective national and European competitions.

The men's team is in second place in the French Ligue 1. In the Europa League, OL played Tottenham in the first leg of the round of 32 (score 2-1), and the return match will take place in Lyon on 21 February.

(1) The Statutory Auditors have completed their limited examination of the financial statements, and their report is in preparation.

The women's team is in first place in its championship and will play the quarter-final of the UEFA Women's Champions League for the sixth consecutive time, in Malmö (Sweden) in March.

1/ Breakdown of revenue (1 July to 31 December)

(in € m)	H1 2012/13	H1 2011/12	Change	% chg.
Ticketing	5.0	10.0	-5.0	-50.0%
Sponsoring(1)	11.4	13.9	-2.5	-18.0%
Media and marketing rights	29.4	40.8	-11.4	-27.9%
Brand-related revenue	8.6	10.3	-1.7	-16.5%
Proceeds from sale of player registrations	22.1	10.7	11.4	106.5%
Total revenue(2)	**76.5**	**85.7**	**-9.2**	**-10.7%**

(1) after restating for non-recurring items (€2 million in H1 2012/13 vs. €4.5 million in 2011/12), sponsoring revenue was stable;
(2) after restating for non-recurring items (€-2.5 million) and the impact of not qualifying for the Champions League (€-15 million), total revenue was higher than that of the year-earlier period (€76.5 million vs. €68.2 million).

- Ticketing revenue totalled €5.0 million, vs. €10.0 million in H1 2011/12. This decline resulted from the club not qualifying for the Champions League this season and from a relative lack of major Ligue 1 matches in the first half of the financial year. This revenue category should see an uptrend in the second half of the financial year, with matches against Lille, Marseille, Saint Etienne, PSG and Tottenham.

- Sponsoring revenue totalled €11.4 million, vs. €13.9 million in the first half of 2011/12. Excluding non-recurring items (signing fees of €2 million in H1 2012/13 vs. €4.5 million in H1 2011/12), sponsoring revenue was stable.
  New, renowned sponsors signed on this year both for the men's team (Hyundai) and for the women's team (April and Vicat). In addition, the two principal sponsors in European competition – Veolia for the men's team and GDF-Suez for the women's team – renewed their arrangements.

- Media and marketing rights (LFP, FFF, UEFA) totalled €29.4 million.
  Europa League media and marketing rights totalled €6.3 million, down €11.8 million from the year-earlier figure, when the club was competing in the Champions League.
  National media and marketing rights (LFP/FFF) totalled €23.1 million, vs. €22.7 million in the year-earlier period. The club is benefiting from new, four-year

broadcasting contracts and a good start to the season, as it was in second place as of 31 December 2012, vs. fourth place at the end of 2011.

- Brand-related revenue, held back by a lacklustre economic environment and the negative impact of not participating in the Champions League, totalled €8.6 million, down 16.5%.

- Revenue from the sale of player registrations rose sharply to €22.1 million, from €10.7 million in H1 2011/12, reflecting the strategy adopted by the Board of Directors to reduce salary costs and capitalise on the training academy. This revenue included the transfer of Cissokho to Valencia, Källström to Spartak Moscow, Lloris to Tottenham, Pied to Nice and Réale to Lorient, as well as incentives.

2/ Simplified, consolidated income statement

(in € m)	1st half 2012/13	1st half 2011/12	Change	% chg.
Revenue	76.5	85.7	-9.2	-10.7%
Personnel costs	45.4	48.6	-3.2	-6.6%
Other operating expenses	17.3	20.1	-2.8	-13.9%
EBITDA	6.1	13.6	-7.5	-55.1%
Amortisation of player registrations	12.0	17.6	-5.6	-31.8%
Other depr./amort. and other expenses	1.4	2.2	-0.8	-36.4%
Loss from ordinary activities	-7.3	-6.2	-1.1	-17.7%
Pre-tax loss	-8.4	-7.1	-1.3	-18.3%
Net loss (Group share)	-8.8	-4.6*	-4.2	-91.3%

**after deferred tax credit of €2.5 million*

The results of the first half demonstrated the positive effects of the strategic plan, which enabled the Group to offset most of the impact (€-15 million) of the club not participating in the Champions League this season.

Specifically, EBITDA remained positive at €6.1 million and was supported by the following factors:

- Personnel costs declined by €3.2 million, principally because certain players were either transferred or their contracts ended in the summer of 2012. This decline should accelerate in the second half, as some transfers were delayed at the end of the summer and continued in January 2013.

- Other operating expenses were scaled back significantly, by €2.8 million.
- EBITDA from player trading rose sharply, by €7.1 million.

The loss from ordinary activities widened slightly to €7.3 million, from €6.2 million in the year-earlier period. Amortisation of player registrations diminished significantly (by €5.6 million) following the transfer of several players, attenuating this figure, which was indicative of the overall reduction effort.

Net financial expense was €1.1 million and reflected interest expense of €1.2 million on the OCEANEs issued in December 2010.

The net loss was €8.8 million, €4.2 million more than in H1 2011/12. In the first half of 2012/13, a tax credit of €2.5 million was recognised.

3/ Consolidated balance sheet

As of 31 December 2012, equity totalled €67.8 million.

Intangible assets (player registrations) totalled €55.5 million, down €6.9 million from 30 June 2012. The "market value" of the club's players, according to the transfermarkt.de website, plus the value of the young players not taken into account by the site, totalled €135 million as of 31 December 2012, confirming a potential capital gain of nearly €80 million.

The cumulative investment in the Stade des Lumières project as of 31 December 2012 was €43.2 million, vs. €27.4 million as of 30 June 2012, reflecting in particular the start of earthworks in October 2012 and continued land acquisition.

Cash totalled €11.3 million. Net financial debt, excluding the OCEANEs, totalled €19.3 million. This figure reflected shareholder advances of €4.7 million, only €2.4 million in net payables on player registrations, and disbursements related to the stadium project of €8.9 million during the period.

Medium-term strategic priorities and objectives

The Group continues to carry out the strategy approved by the Board of Directors. The objective is to return to profitability in the 2013/14 financial year, while maintaining high performance and ambitious goals on the pitch, including a return to the Champions League next season.

1. Strategy is in line with Financial Fair Play rules

The Board's strategy is both proactive and consistent with the rules of Financial Fair Play (FFP), which aim to ensure that clubs do not operate at a loss, not counting investments in training and club infrastructure (stadium and academy). The FFP rule that clubs operate at breakeven or better will be applied for the first time at the end of the current season.

2. Continued reduction in payroll

During the winter trading window, four players were temporarily transferred (two with purchase options):

- Michel Bastos to German club Schalke 04 (until 30/6/2014), with an option to buy at €4.5 million (with a €1 million remuneration option) plus incentives.
- Fabian Monzon to Brazilian club Fluminense (until 31/12/2013), with an option to buy at €4.8 million plus incentives.
- Sidy Koné to Caen (until 30/6/2013).
- Harry Novillo ("Elite" player) to Gazelec-Ajaccio (until 30/6/2013).

As of 1 February 2013, Olympique Lyonnais had 24 professional players, vs. 33 as of 30 June 2012, i.e. a reduction of nine player contracts over the period. For the 2012/13 season, the Group confirms its objective to proactively reduce the payroll (excluding bonuses tied to sporting results) and amortisation of player registrations by a total of around €20 million, with the aim of significantly improving the bottom line.

3. International development of the OL brand

Leveraging a modern and innovative marketing approach, built around a high-quality women's team, the Group is pursuing its international brand development strategy. In January 2013 OL recruited two international women players, one American and one Japanese: Megan Rapinoe and Shinobu Ohno. In February 2013 a young, talented Norwegian player, Ulrik Jenssen, arrived at the OL Academy, another example of international development. OL Groupe is also pursuing the development of its website in Asia (China, Japan, Korea), both as an information site and an e-commerce site.

4. Stade des Lumières

On 12 February 2013, a Design/Build contract was signed with Vinci Construction France for construction of the new "Stade des Lumières".
The architects of the stadium are Cabinet Populous, a world leader in sporting venues and stadiums for major football competitions.

The total amount of investment in the project will be around €400 million. The financing structure is advancing rapidly and is likely to include a market transaction. Financing is expected to be evenly split between equity or near equity and debt.

Separately, on 11 February 2013, the Greater Lyon board voted anew to rectify its initial vote related to the sale of land to Foncière du Montout.

The Group aims to put the new stadium into service for the 2015/16 season, so as to meet the financial plan that has been established.

Next press release: Third-quarter 2012/13 revenue on 14 May 2013, after the market close.

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ISIN code: FR0010428771
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