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# JUVENTUS FOOTBALL CLUB

## Press release

*Faithful translation of the Italian version*

Turin, 29 March 2004

### **Juventus Football Club: Board of Directors approves figures for the first six months 2003/2004**

The Board of Directors of Juventus Football Club S.p.A., chaired by Franzo Grande Stevens, today approved the results for the first six months of the 2003/2004 financial year (July-December 2003).

**Revenues** for the first half of the 2003/2004 financial year amounted to € 89.7 million, a reduction of 7.3% compared to € 96.8 million in the first half of 2002/2003 mainly due to the reduction in "Other revenues" (€ 3.6 million, against € 10.4 million in the first six months of the previous financial year) following lower insurance payments for injured players.

This reduction was partly compensated by the increase in match revenues (for € 8.4 million against € 8.1 million in the first half of 2002/2003).

Revenues from television, radio and telephone rights and U.E.F.A. Champions League revenues amounted to € 51.9 million, against € 53.6 million in the corresponding period of the previous financial year, mainly due to the reduction in revenues from the U.E.F.A. Champions League (€ 10.8 million, against € 15.5 million in the first six months of the 2002/2003 financial year) owing to a lower overall market pool attributed to Italian teams and a lower number of games played in the six months (6 against 8), only partially compensated by increases in revenues for television, radio and telephone rights as specified contractually.

Revenues from sponsorship and commercial income rose from € 24.7 million in the first six months of the 2002/2003 financial year to € 25.8 million in the first six months of the 2003/2004 financial year, essentially following the increase in the sum for the period envisaged by the technical sponsorship contract (€ 7.2 million in the first six months of the 2003/2004 financial year from Nike European Operations Netherlands B.V. against € 5.4 million in the corresponding period of the previous year from Lotto Sport Italia S.p.A.), net of the reduction in other revenues from sponsorship and licensing.

**Operating costs** in the first six months of the 2003/2004 financial year came to a total of € 82.8 million, a fall of 5.4% compared to € 87.5 million in the first six months of the 2002/2003 financial year mainly thanks to lower expenses for services (€ 10.6 million, against € 12.6 million in the corresponding period of the previous year) as there was no payment for the insurance premium for the policy covering injured players' wages, no longer underwritten, and lower rent and leasing costs (€ 1.9 million, against € 5.4 million in the corresponding period of the previous year) due to the reduction in the cost of the temporary acquisition of players' registration rights (from € 3.7 million to € 1 million in the first six months of the 2003/2004 financial year) and the absence of the costs borne in 2002/2003 for rent of the Stadio Delle Alpi (€ 0.9 million).

Miscellaneous operating costs were also lower, going from € 10.5 million in the first six months of the 2002/2003 financial year to € 8.3 million in the six months in question. It should be remembered that in the 2002/2003 financial year there was a cost of € 1.25 million for extraordinary mutual aid payments to some Serie A teams.

The containment of costs for services for rent and leasing and miscellaneous operating costs was partly compensated by the higher costs borne for personnel (€ 60.8 million, against € 58 million in the first six months of the 2002/2003 financial year) following the contracts signed in the course of the first phase of the 2003/2004 Transfer Campaign, and by the increase in expenditure for materials, supplies and consumables (€ 1.2 million, against € 1 million in the corresponding period of the previous year).

The **Gross Operating Margin** for the first six months of the 2003/2004 financial year was positive for € 6.9 million, against a positive balance of € 9.3 million in the first six months of the previous year.

**Net revenues from the management of players' registration rights** in the first six months of the 2003/2004 financial year amounted to € 4 million, a fall compared to € 13.2 million in the first six months of the 2002/2003 financial year, due to a further decline of the football player transfer market.

The **Result before Extraordinary Items** for the first six months of the 2003/2004 financial year was negative for € 27.9 million, a fall compared to the negative result of € 5.1 million in the corresponding period of the previous year, due to the reduction in income from **Player Management** (negative for € 33.3 million, against the negative balance of € 19.5 million in the first six months of the previous year) and the worsening for **Operations excluding Player Management** (positive for € 5.4 million, against € 14.4 million in the corresponding period of the previous year).

The **Extraordinary Income** in the first six months of the 2003/2004 financial year was about € 1.9 million, essentially unchanged compared to the first six months of the 2002/2003 financial year. This item includes extraordinary income for € 2.1 million stemming mainly from the receipt from U.E.F.A. of the balance regarding the Champions League 2002/2003, net of some minor costs.

The first six months of the 2003/2004 financial year therefore closed with a negative **Net Result** for € 22.5 million, a fall compared to the negative balance of € 4.2 million in the corresponding period of the previous year following the reductions recorded in both **Operations excluding Player Management** and **Player Management** highlighted above.

As far as **financial aspects and assets** are concerned, the following points should be noted:

- the **Net Financial Position** at 31 December 2003 was positive for € 13.1 million, a reduction compared to the positive result of € 69.2 million at 30 June 2003. The positive balance of € 13.1 million derived from liquid assets for € 10.1 million (€ 67.2 million at 30 June 2003) and financial operations for € 3 million (€ 2 million at 30 June 2003) held by unrelated third parties. The Net Financial Position does not therefore include any debt and/or credit position towards related parties. The reduction of € 56.1 million in the Net Financial Position is due to the balance of the reduction in Net Working Capital (€ 2.3 million), the reduction in the Employees' Severance Indemnity and other funds (€ 4.3 million), net investments made (€ 67 million), positive cash flow (net result + depreciation and amortisation) (€ 13 million) and other negative variations in net assets (€ 0.1 million).

As regards seasonal effects and the impact of advance receipts on the Net Financial Position (with the related impact on the Net Working Capital in terms of prepaid income included in operating debts), it should be underlined that, as specified in the contract with Europa TV/Telepiù, which was taken over on 1 June 2003 by Sky Italia S.r.l., the sums (for a total of € 87.8 million, VAT included) agreed for the granting of encrypted television rights for the 2004/2005 season have already been received. The sums for encrypted television rights pertaining to the 2003/2004 financial year (for a total sum of € 81.6 million, VAT included) were received in the 2001/2002 financial year.

- **Shareholders' Equity** at 31 December 2003 amounted to € 77 million, a fall compared to € 99.6 million at 30 June 2003 due to the net loss for the period. As the net financial position continues to be positive, the **Net Debt/Equity** ratio is not significant.

#### OVERVIEW OF FINANCIAL DATA, ASSETS AND LIABILITIES

Year 2002/2003		1 <sup>st</sup> Half 2003/2004	1 <sup>st</sup> Half 2002/2003
	<b>NET FINANCIAL POSITION/(INDEBTEDNESS)</b>		
69,173	- short term positive/(negative) components*	13,126	34,760
-	- mid-long term positive/(negative) components*	-	-
<b>69,173</b>	<b>TOTAL</b>	<b>13,126</b>	<b>34,760</b>
	<b>FREE CASH FLOW AVAILABLE</b>		
(25,670)	- variation in cash at bank and in hand	(57,067)	(60,085)
(197)	- variation in short-term financial operation	1,020	(195)
**	<b>DEBT/EQUITY RATIO</b>	**	**

in €/000

\* Figures at the end of the relevant period.

\*\* As at 31 December 2002, at 30 June 2003 and at 31 December 2003 the Company had no short or medium-long term debts, this index is not significant.

#### 2003/2004 Transfer Campaign

In the 2003/2004 season, the Transfer Campaign was divided as usual into two phases: the first from 1 July to 30 August 2003, the second from 2 January to 31 January 2004. In the course of the second phase of the 2003/2004 Transfer Campaign, Juventus Football Club S.p.A. completed the following main operations concerning football players' registration rights:

- agreement with F.C. Barcelona for the free temporary transfer of the registration rights of the player Edgar Davids until 30 June 2004;
- agreement with Atletico de Madrid S.A.D. for the free temporary transfer of the registration rights of the player Ruben Olivera until 30 June 2004;
- agreement with A.C. Perugia for the free temporary transfer of the registration rights of the player Marcelo Danubio Zalayeta until 30 June 2004.

These operations will enable savings, in terms of lower wages for the current financial year, for a total of € 5.4 million.



In addition, on 31 January 2004 Juventus Football Club S.p.A. and the player Salvatore Fresi mutually agreed to terminate the playing contract due to expire on 30 June 2005 against a payment by the Company in favour of the player of the sum of € 0.9 million payable in February 2004. The operation generates a loss of € 0.2 million in the current financial year, but will allow savings in the following financial year of € 1.9 million in terms of lower wages.

On the basis of the operations completed, the first and second phases of the 2003/2004 Transfer Campaign entailed a total financial loss of € 40.1 million.

The economic effect, also including terminations of player sharing and the failure to exercise options was positive for € 1.9 million. The temporary purchases and disposals of players' registration rights led to a net negative economic and financial effect for € 1.1 million. The overall negative financial result is therefore € 41.2 million of which:

- € 32.1 million will be settled through the LNP (expenditure of € 15.5 million in the 2003/2004 season; expenditure of € 8.7 million in the 2004/2005 season; expenditure of € 6.1 million in the 2005/2006 season and expenditure of € 1.8 million in the 2006/2007 season). The expenditure of € 15.5 million will influence the net financial position at 30 June 2004, while the remaining negative balance of € 16.6 million will reduce the net working capital at the end of the 2003/2004 financial year.
- € 6.4 million will be paid directly to foreign football clubs (expenditure of € 2.9 million in the 2003/2004 season; expenditure of € 1.7 million in the 2004/2005 season; expenditure of € 1.8 million in the 2005/2006 season). The expenditure of € 2.9 million will have an impact on the net financial position at 30 June 2004, while the negative balance of € 3.5 million will be recorded in accounts in debts and will, therefore, reduce the net working capital at the end of the 2003/2004 financial year.
- € 2.7 million (payment for consultancy services provided by sports agents) will be settled directly.

### **Business outlook**

Considering the economic and asset trends in the first six months of the year and the information available today, the entire 2003/2004 financial year should produce a negative net result.

The result for the 2003/2004 financial year may however be significantly influenced by any extraordinary operations referring to assets.

\* \* \*

### **Further information: For Shareholders and Institutional Investors Juventus Football Club S.p.A.**

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The tables in the Balance Sheet and Income Statement given below have been reclassified following financial analysis criteria in order to make them easier to read and to facilitate analysis of the Company's economic, asset and financial data. In particular, the Income Statement has been drawn up following a scheme that distinguishes "operations excluding player management" from "player management". The purpose of this scheme is to represent the profits and losses deriving from the disposal of players' registration rights and from the termination of player sharing contracts ex art. 102 bis N.O.I.F., the costs and revenues deriving respectively from the acquisitions and temporary disposals of players' registration rights as well as the costs related to the amortisation of these players' registration rights and to any waiver to the exercise of option rights. In the Income Statement the contingent assets and liabilities have been reclassified as extraordinary items and costs related to third party guarantees in favour of the Company have been reclassified under Net Financial Income/(Loss). The reclassification criteria chosen make it possible, in any case, to compare each item with those envisaged by the regulations in force for the annual accounts.

## RECLASSIFIED BALANCE SHEET

€/000

	31/12/2003	30/06/2003	Change	31/12/2002	Change
- <i>Players' registration rights</i>	372,589	335,659	36,930	335,682	36,907
- <i>Accumulated amortisation</i>	(193,996)	(161,601)	-32,395	(131,322)	-62,674
Net players' registration rights	178,593	174,058	4,535	204,360	-25,767
Other net intangible fixed assets	625	559	66	672	-47
Net tangible fixed assets	38,511	11,809	26,702	7,508	31,003
Net investments	25,266	25,112	154	29,866	-4,600
<b>NET FIXED ASSETS</b>	<b>242,995</b>	<b>211,538</b>	<b>31,457</b>	<b>242,406</b>	<b>589</b>
- <i>Net receivables from football clubs</i>	46,786	84,365	-37,579	87,336	-40,550
- <i>Payables to football clubs</i>	(51,790)	(94,957)	43,167	(99,684)	47,894
Net credit/(debit) position to other football clubs	(5,004)	(10,592)	5,588	(12,348)	7,344
Other operating receivables	93,158	103,898	-10,740	41,020	52,138
Other operating payables	(233,285)	(236,112)	2,827	(191,932)	-41,353
<b>NET WORKING CAPITAL</b>	<b>(145,131)</b>	<b>(142,806)</b>	<b>-2,325</b>	<b>(163,260)</b>	<b>18,129</b>
<b>SEVERANCE INDEMNITY AND OTHER FUNDS</b>	<b>(33,956)</b>	<b>(38,286)</b>	<b>4,330</b>	<b>(20,316)</b>	<b>-13,640</b>
<b>NET INVESTED CAPITAL</b>	<b>63,908</b>	<b>30,446</b>	<b>33,462</b>	<b>58,830</b>	<b>5,078</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>77,034</b>	<b>99,619</b>	<b>-22,585</b>	<b>93,590</b>	<b>-16,556</b>
Current financial assets	(2,995)	(1,975)	-1,020	(1,977)	-1,018
Bank and post-office deposits	(10,123)	(67,185)	57,062	(32,775)	22,652
Cash at bank and in hand	(8)	(13)	5	(8)	-
<b>NET FINANCIAL POSITION (*)</b>	<b>(13,126)</b>	<b>(69,173)</b>	<b>56,047</b>	<b>(34,760)</b>	<b>21,634</b>
<b>TOTAL NET SHAREHOLDERS' EQUITY AND NET FINANCIAL POSITION</b>	<b>63,908</b>	<b>30,446</b>	<b>33,462</b>	<b>58,830</b>	<b>5,078</b>
<b>MEMORANDUM ACCOUNTS</b>					
Third-party assets held by the Company	62	62	-	61	1
Company assets held by third parties	1,993	1,993	-	1,993	-
Guarantees given	66,544	72,822	-6,278	115,543	-48,999
Guarantees received	42,968	7,938	35,030	10,666	32,302
Options granted by third parties	6,600	6,000	600	21,526	-14,926
Third party options	23,835	-	23,835	1,807	22,028
Forward agreements	3,754	51,298	-47,544	139	3,615
<b>TOTAL MEMORANDUM ACCOUNTS</b>	<b>145,756</b>	<b>140,113</b>	<b>5,643</b>	<b>151,735</b>	<b>-5,979</b>

(\*) Negative items show a liquidity position



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## RECLASSIFIED INCOME STATEMENTS

€/000

YEAR 2002/2003			1 <sup>st</sup> HALF 2003/2004			1 <sup>st</sup> HALF 2002/2003		
Op.excl. player management	Player management	Total	Op.excl. player management	Player management	Total	Op.excl. player management	Player management	Total
22,589	-	22,589	8,441	-	8,441	8,068	-	8,068
122,413	-	122,413	51,897	-	51,897	53,557	-	53,557
54,612	-	54,612	25,833	-	25,833	24,737	-	24,737
14,804	1,016	15,820	3,135	440	3,575	9,999	446	10,445
<b>214,418</b>	<b>1,016</b>	<b>215,434</b>	<b>89,306</b>	<b>440</b>	<b>89,746</b>	<b>96,361</b>	<b>446</b>	<b>96,807</b>
(1,926)	-	(1,926)	(1,161)	-	(1,161)	(981)	-	(981)
(28,984)	-	(28,984)	(10,644)	-	(10,644)	(12,554)	-	(12,554)
(3,463)	(9,050)	(12,513)	(929)	(1,030)	(1,959)	(1,775)	(3,669)	(5,444)
(131,693)	-	(131,693)	(60,763)	-	(60,763)	(57,995)	-	(57,995)
(22,576)	(1,435)	(24,011)	(8,286)	-	(8,286)	(9,070)	(1,435)	(10,505)
<b>(188,642)</b>	<b>(10,485)</b>	<b>(199,127)</b>	<b>(81,783)</b>	<b>(1,030)</b>	<b>(82,813)</b>	<b>(82,375)</b>	<b>(5,104)</b>	<b>(87,479)</b>
<b>25,776</b>	<b>(9,469)</b>	<b>16,307</b>	<b>7,523</b>	<b>(590)</b>	<b>6,933</b>	<b>13,986</b>	<b>(4,658)</b>	<b>9,328</b>
(836)	(61,581)	(62,417)	(613)	(34,861)	(35,474)	(377)	(30,782)	(31,159)
(1,324)	-	(1,324)	(1,719)	-	(1,719)	(848)	-	(848)
1,540	2,750	4,290	200	(1,808)	(1,608)	1,846	2,750	4,596
(197)	-	(197)	-	-	-	(195)	-	(195)
-	13,040	13,040	-	3,961	3,961	-	13,169	13,169
<b>INCOME/(LOSS) BEFORE</b>			<b>INCOME/(LOSS) BEFORE</b>			<b>INCOME/(LOSS) BEFORE</b>		
<b>24,959</b>	<b>(55,260)</b>	<b>(30,301)</b>	<b>5,391</b>	<b>(33,298)</b>	<b>(27,907)</b>	<b>14,412</b>	<b>(19,521)</b>	<b>(5,109)</b>
39,844	-	39,844	1,899	-	1,899	1,892	-	1,892
<b>64,803</b>	<b>(55,260)</b>	<b>9,543</b>	<b>7,290</b>	<b>(33,298)</b>	<b>(26,008)</b>	<b>16,304</b>	<b>(19,521)</b>	<b>(3,217)</b>
		(7,393)			3,530			(969)
		<b>2,150</b>			<b>(22,478)</b>			<b>(4,186)</b>



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**STATEMENT OF CASH FLOW**

€/000

	<b>YEAR 2002/2003</b>	<b>1<sup>st</sup> HALF 2003/2004</b>
<b>NET FINANCIAL POSITION AT THE BEGINNING OF THE PERIOD</b>	<b>95,040</b>	<b>69,173</b>
<b>Operating activities:</b>		
Net Income/(Loss)	2,150	(22,478)
Amortisation of players' registration rights	61,581	34,861
Other depreciations	836	613
Cash Flow	<u>64,567</u>	<u>12,996</u>
(Increase)/Decrease in receivables from football clubs	34,177	37,579
Increase/(Decrease) in payables due to football clubs	(58,936)	(43,167)
(Increase)/Decrease in other receivables	(67,849)	10,740
Increase/(Decrease) in other payables	<u>10,070</u>	<u>(2,827)</u>
Variation in Net Working Capital	(82,538)	2,325
Increase/(Decrease) of employees' severance indemnity fund and other provisions	<u>17,215</u>	<u>(4,330)</u>
<b>Cash flow provided/(absorbed) by operating activities</b>	<b>(756)</b>	<b>10,991</b>
<b>Investments:</b>		
Purchase of players' registration rights	(39,999)	(46,368)
Disposal of players' registration rights	24,939	6,972
Other net investments	<u>(7,986)</u>	<u>(27,534)</u>
<b>Cash flow used for investment</b>	<b>(23,046)</b>	<b>(66,930)</b>
<b>Capital increase</b>	-	-
<b>Dividends paid</b>	<b>(1,452)</b>	-
<b>Other changes in shareholders' equity</b>	<b>(613)</b>	<b>(108)</b>
<b>NET FINANCIAL POSITION AT THE END OF THE PERIOD</b>	<b>69,173</b>	<b>13,126</b>