

Borussia Dortmund

Preliminary results

Brand value

Leisure

Full-year pre-transfer revenue gain of 34% confirms Borussia Dortmund's continuing positive development of its powerful brand on a platform of sustained playing success. However, ahead of detailed results on 27 September, the forecast step change in underlying profit (ie excluding transfer activity) looks to have been materially tempered by higher than expected labour and operating costs in Q4. Encouragingly, the proposed generous dividend increase highlights the creation of a sustainable business, arguably ignored in current valuations.

Year end	Revenue* (€m)	EBITDA* (€m)	PBT** (€m)	EPS** (€)	DPS (€)	EV/EBITDA* (x)
06/11	138.5	21.7	18.1	0.23	0.00	12.7
06/12	189.1	36.8	45.1	0.59	0.06	7.5
06/13e	253.4***	60.0	83.2	1.18	0.10***	4.6
06/14e	233.0	49.0	36.0	0.53	0.06	5.6

Note: *Before player transfer income. **PBT and EPS are normalised, excluding intangible amortisation and exceptional items. ***Actual.

In the quarter to June bumper top-line growth (pre-transfer revenue +64%) reflected favourable Champions League comparatives (continuing involvement, compared with elimination at the group stage in FY12) but was no less impressive for that. Progress was across the board, driven by match operations and broadcasting but with strong double-digit increases by advertising and merchandising in particular.

By contrast, pending clarification of the gain on transfers, notably that of Mario Götze, reported full-year EBITDA including transfer activity of €87.5m against our forecast of €98.2m suggests a marked shortfall in our key metric, pre-transfer EBITDA, attributable seemingly to labour and operating costs (up by a third, as reported by the holding company).

In the current year a material boost to domestic TV rights eases concern about wage pressures while early playing success may give encouragement of progress beyond the Champions League group stage (our forecasts assume elimination).

27 August 2013

Price €3.50
Market cap €215m

Net debt (€m) including finance leases at end March	61.4
Shares in issue	61.4m
Free float	81%
Code	BVB
Primary exchange	Frankfurt
Other exchanges	N/A

Share price performance



Business description

The group operates Borussia Dortmund, a leading German football club, recent back-to-back champions of the Bundesliga and finalist in last season's UEFA Champions League.

Analysts

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