

Recommendation:
BUY (BUY)

Risk:
MEDIUM (MEDIUM)

Price Target:
EUR 6.00 (6.00)

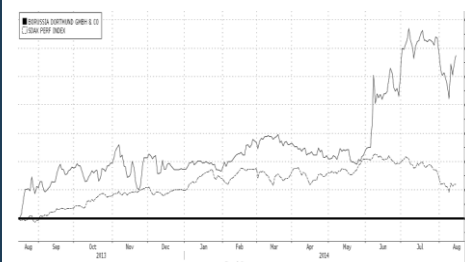
14 August 2014

Preliminary figures very solid

Revenues even higher than we had anticipated, net result in line

- Preliminary figures:** Today, Borussia Dortmund (BVB) released its preliminary figures for FY13/14 (ending 30 June 2014). Overall, the figures were very solid and on top line the company even exceeded our estimate. While we had forecasted group revenues of EUR 243.1m, BVB reported EUR 260.7m. Regarding the operating costs, the personnel expenses amounted to EUR 107.8m (CBSRe: EUR 102.1m). On operating level the group EBITDA resulted in EUR 49.1m (CBSRe: EUR 52.4m) after EUR 87.5m in the previous year. The decline mostly results from reaching the Champions League Final in the season 2012/2013 (2013/2014: out in Quarter Final). Group EBIT stood at EUR 19.7m while we had assumed EUR 21.1m. After all, net result came in at EUR 12.0m (CBSRe: EUR 14.2m) and therefore came in roughly as expected. Given that in the season 2012/2013 has reached the Champions League Final the operational success of BVB this season is very positive and the outlook for the upcoming years is very promising.
- Segment reporting:** On segment level the Match operations unit generated revenues of EUR 40.5m (PY: EUR 44.8m), while we had only anticipated EUR 39.7m. TV-Marketing reached sales of EUR 81.4m which was clearly above our estimate (CBSRe: EUR 63.3m). The Advertising segment came in at EUR 73.0m (CBSRe: EUR 80.3m) and Transfers at EUR 4.5m (CBSRe: EUR 5.0m). Catering/Others achieved revenues of EUR 35.0m.
- Outlook 2014/2015:** As a result of the positive development, the management will propose a dividend payment of EUR 0.10 per share at the AGM in September 2014. Regarding the operational success the management plans like every year only for the group stage of the Champions League. Since we do not change our estimates for the time being for the years 2014/2015E and 2015/2016E, we stick to our previous assumption that BVB will reach at least the Round of the Last 16 in the Champions League and the Quarter Final in the German DFB-Cup. In the German Bundesliga we are clearly expecting BVB to reach at least the third place which qualifies directly for the Champions League in Season 2015/2016.
- Unchanged PT:** The preliminary figures show a very solid performance in FY 2013/2014. We stick to our price target of EUR 6.00/BUY recommendation. The annual report will be released on 26 September.

Share price (dark) vs. SDAX



Sources: CBS Research AG, Bloomberg

Change	13/14E		14/15E		15/16E	
	new	old	new	old	new	old
Revenues	260.7	243.1	-	256.1	-	272.9
EBITDA	49.1	52.4	-	61.4	-	71.2
EPS	0.20	0.23	-	0.31	-	0.38

Internet: bvb.de
WKN: 549309
Reuters: BVB.DE

Sector: Entertainment
ISIN: DE0005493092
Bloomberg: BVB GY

Short company profile:

Borussia Dortmund GmbH & Co. KGaA (henceforth Borussia Dortmund, BVB) is one of the most successful companies in European professional football and one of the few clubs listed on a stock exchange (and the only listed club in Germany).

Share data:

Share price (last closing price):	EUR 4.79
Shares outstanding (m):	61.4
Market capitalisation (EURm):	294.2
Enterprise value (EURm):	337.2
Ø daily trading volume (3 m., no. of shares):	245,720

Performance data:

High 52 weeks:	EUR 5.20
Low 52 weeks:	EUR 3.19
Absolute performance (12 months):	57.5%
Relative performance (vs. SDAX):	
1 month	4.0%
3 months	31.7%
6 months	34.7%
12 months	33.5%

Shareholders (preferred shares):

Bernd Geske:	11.7%
BVB (own shares):	7.2%
Free Float, others:	81.1%

Financial calendar:

13/14 report	26 September 2014
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Y/E 31 Dec, EURm	10/11	11/12	12/13	13/14P	14/15E	15/16E
Sales revenues	151.5	215.2	305.0	260.7	256.1	272.9
EBITDA	32.4	60.0	87.5	49.1	61.4	71.2
EBIT	14.9	41.4	65.1	19.7	27.4	33.5
Net income/loss	5.3	27.4	50.8	12.0	19.0	23.1
EPS	0.09	0.45	0.83	0.20	0.31	0.38
EBITDA margin	21.4%	27.9%	28.7%	21.6%	24.0%	26.1%
EBIT margin	9.8%	19.2%	21.3%	8.7%	10.7%	12.3%
Net margin	3.5%	12.7%	16.7%	5.8%	7.4%	8.5%
EV/EBITDA	10.4	5.6	3.9	6.4	5.5	4.7
EV/EBIT	22.6	8.1	5.2	16.0	12.3	10.1
P/E	55.4	10.7	5.8	20.8	15.5	12.7

Source: Borussia Dortmund GmbH & Co KGaA, CBS Research AG

Research



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BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

This rating system is only a guideline. Therefore, deviations from this system may apply.

Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
08 August 2013	BUY	EUR 3.10	EUR 5.00
26 August 2013	BUY	EUR 3.50	EUR 5.00
02 October 2013	BUY	EUR 3.76	EUR 5.00
13 December 2013	BUY	EUR 3.74	EUR 5.00

16 April 2014	BUY	EUR 3.82	EUR 5.00
19 May 2014	BUY	EUR 3.86	EUR 5.00
16 June 2014	BUY	EUR 4.41	EUR 6.00
27 June 2014	BUY	EUR 4.53	EUR 6.00
14 August 2014	BUY	EUR 4.79	EUR 6.00

Risk-scaling System:

CBSR uses a 3-level risk-scaling system. The ratings pertain to a time horizon of up to 12 months:

LOW: The volatility is expected to be lower than the volatility of the benchmark

MEDIUM: The volatility is expected to be equal to the volatility of the benchmark

HIGH: The volatility is expected to be higher than the volatility of the benchmark

The following valuation methods are used when valuing companies: Multiplier models (price/earnings, price/cash flow, price/book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer group comparisons, historical valuation approaches, discounting models (DCF, DDM), break-up value approaches or asset valuation approaches. The valuation models are dependent upon macroeconomic measures such as interest, currencies, raw materials and assumptions concerning the economy. In addition, market moods influence the valuation of companies.

The figures taken from the income statement, the cash flow statement and the balance sheet upon which the evaluation of companies is based are estimates referring to given dates and therefore subject to risks.

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