

Recommendation:
BUY (BUY)

Risk:
MEDIUM (MEDIUM)

Price Target:
EUR 6.00 (6.00)

18 November 2014

Upside trend both in fundamental and in Bundesliga

Perfect start into Champions League; qualification for KO stage

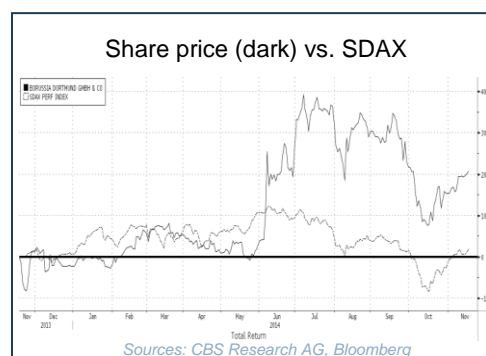
■ **1Q14/15:** In the first quarter, Borussia Dortmund had a clearly better start into the new "season" in economic terms than from a sportive point of view, especially in the Bundesliga. The reported figures were broadly satisfying with group revenues of EUR 70.0m (PY: EUR 59.5m) and group EBITDA of EUR 13.9m (PY: EUR 9.7m). Personnel expenses increased to EUR 24.8m after EUR 22.8m in the previous year's period. Consequently, also Group EBIT improved to EUR 3.8m (PY: EUR 2.3m) and net result came in at EUR 2.4m (PY: EUR 1.4m). Moving to the sportive performance, BVB has delivered a mixed picture so far: CL top and Bundesliga flop (in short). However, BVB has already qualified for the knockout stages of the CL which implies a promising outlook on the economic development and (for fans) on more exciting matches within this season. Regarding the Bundesliga performance, the latest win could be the turning point to finish the end the first half of the season at least on a single figure rank. **Segment reporting:** Once again, all revenue streams could be improved in the first quarter. Match operations reached sales of EUR 8.1m (PY: EUR 7.6m, +6.4% yoy). With an increase of +17.1% yoy, TV-Marketing had the strongest growth (besides the volatile transfer business) and generated revenues of EUR 23.7m (PY: EUR 20.3m) due to surplus revenues from the CL. while we had only anticipated EUR 39.7m. The Advertising segment came in at EUR 16.9m (PY: EUR 14.7m, +14.8% yoy) and Transfers at EUR 3.6m (PY: EUR 1.5m, +133.4% yoy). Merchandising/Catering/Others achieved revenues of EUR 16.6m (PY: EUR 15.4m, +8.2% yoy).

■ **Outlook 2014/2015:** As a result of the positive development in 1Q we also see the remaining quarter very promising. Beside the weak start into the Bundesliga all targets are still in line and even the performance in the Bundesliga should soon be back on track (first win after several losses could be the turning point). For full year 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 still assume BVB will reach at least the fourth place which enables Dortmund via a qualification stage (2 games) to the Champions League in Season 2015/2016.

■ **BUY:** While the fundamentals are in line, the sentiment was anxious after the weak start into the Bundesliga season, but this should be eased at the end of the first half of the season. We clearly stick to our PT of EUR 6.00/BUY recommendation.

Y/E 30 June, EURm	11/12	12/13	13/14	14/15E	15/16E	16/17E
Sales	215.2	305.0	260.7	275.3	290.2	304.7
EBITDA	60.0	87.5	49.1	56.2	61.0	66.0
EBIT (reported)	41.4	65.1	18.5	17.2	15.8	24.7
Net income/loss	27.4	50.8	11.7	11.0	9.7	14.9
EPS	0.45	0.83	0.19	0.12	0.11	0.16
EBITDA margin	27.9%	28.7%	18.8%	20.4%	21.0%	21.6%
EBIT margin	19.2%	21.3%	7.1%	6.3%	5.4%	8.1%
Net margin	12.7%	16.7%	4.5%	4.0%	3.3%	4.9%
EV/EBITDA	7.5	5.1	9.1	8.0	7.3	6.8
EV/EBIT	10.8	6.9	24.3	26.0	28.3	18.1
P/E	9.9	5.3	23.2	36.8	41.7	27.2

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



Change	14/15E		15/16E		16/17E	
	new	old	new	old	new	old
Revenues	275.3	256.1	290.2	272.9	-	304.7
EBITDA	56.2	61.4	61.0	71.2	-	66.0
EPS	0.12	0.31	0.11	0.38	-	0.16

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 4.40
Shares outstanding (m):	92.0
Market capitalisation (EURm):	404.8
Enterprise value (EURm):	302.7
Ø daily trading volume (3 m., no. of shares):	214,855

Performance data:

High 52 weeks:	EUR 5.11
Low 52 weeks:	EUR 3.34
Absolute performance (12 months):	20.8%
Relative performance (vs. SDAX):	
1 month	-2.1%
3 months	-14.2%
6 months	9.5%
12 months	4.9%

Shareholders (preferred shares):

Evonik Industries AG:	14.8%
Bernd Geske:	8.5%
Borussia Dortmund (own shares):	5.5
Free Float, others:	71.2%

Financial calendar:

2Q 14/15 report	February 2015
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Author: **Marcus Silbe** (Analyst)

Close Brothers Seydler Research AG
Phone: +49 (0)69 - 977 84 56 0
E-Mail: research@cbseydlerresearch.ag
www.cbseydlerresearch.ag

Appendix

Profit and loss account

	IFRS	EURm	11/12	12/13	13/14	14/15E	15/16E	16/17E
Sales			215.24	305.03	260.74	275.29	290.16	304.67
YoY growth			-	41.7%	-14.5%	5.6%	5.4%	5.0%
Cost of materials			-12.48	-17.49	-20.31	-22.02	-23.21	-27.42
as % of sales			-5.8%	-5.7%	-7.8%	-8.0%	-8.0%	-9.0%
Personnel costs			-79.92	-106.22	-107.79	-110.12	-113.16	-117.30
as % of sales			-37.1%	-34.8%	-41.3%	-40.0%	-39.0%	-38.5%
Other operating income			7.63	2.79	5.23	2.50	3.00	3.50
as % of sales			3.5%	1.3%	2.4%	1.2%	1.4%	1.6%
Other operating expenses			-70.49	-96.58	-88.73	-89.47	-95.75	-97.49
as % of sales			-32.7%	-31.7%	-34.0%	-32.5%	-33.0%	-32.0%
EBITDA			59.98	87.53	49.13	56.18	61.03	65.96
as % of sales			27.9%	28.7%	18.8%	20.4%	21.0%	21.6%
Depreciation and amortisation (incl. PPA depreciation)			-18.59	-22.41	-30.68	-38.97	-45.24	-41.25
as % of sales			-8.6%	-7.3%	-11.8%	-14.2%	-15.6%	-13.5%
EBIT (reported)			41.39	65.12	18.45	17.21	15.80	24.71
as % of sales			19.2%	21.3%	7.1%	6.3%	5.4%	8.1%
Net financial results			-4.86	-5.07	-3.89	-2.60	-2.43	-2.50
EBT (Earnings before income taxes)			36.59	60.04	14.59	14.61	13.37	22.21
as % of sales			17.0%	19.7%	5.6%	5.3%	4.6%	7.3%
Income taxes (incl. other taxes)			-9.06	-8.84	-2.62	-3.31	-3.31	-7.02
as % of EBT			-24.8%	-14.7%	-18.0%	-22.7%	-24.7%	-31.6%
Net income			27.53	51.19	11.97	11.29	10.06	15.19
Minorities			0.12	-0.37	-0.31	-0.30	-0.35	-0.30
Net income attributable to shareholders			27.41	50.82	11.66	10.99	9.71	14.89
as % of sales			12.7%	16.7%	4.5%	4.0%	3.3%	4.9%
Shares outstanding (in m)			61.4	61.4	61.4	92.0	92.0	92.0
Basic earnings per share (EUR)			0.45	0.83	0.19	0.12	0.11	0.16

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

Research



Schillerstrasse 27 - 29
60313 Frankfurt am Main

Phone: +49 (0)69 – 977 8456-0

Roger Peeters Member of the Board	+49 (0)69 - 977 8456- 12 Roger.Peeters@cbseydlerresearch.ag	Igor Kim (Equities)	+49 (0)69 - 977 8456- 15 Igor.Kim@cbseydlerresearch.ag
Martin Decot (Equities)	+49 (0)69 - 977 8456- 13 Martin.Decot@cbseydlerresearch.ag	Daniel Kukalj (Equities)	+49 (0)69 - 977 8456- 21 Daniel.Kukalj@cbseydlerresearch.ag
Gennadij Kremer (Corporate Credit)	+49 (0)69 - 977 8456- 23 Gennadij.Kremer@cbseydlerresearch.ag	Manuel Martin (Equities)	+49 (0)69 - 977 8456- 16 Manuel.Martin@cbseydlerresearch.ag
Carsten Kunold (Equities)	+49 (0)69 - 977 8456- 28 Carsten.Kunold@cbseydlerresearch.ag	Roland Pfänder (Equities)	+49 (0)69 - 977 8456- 26 Roland.Pfaender@cbseydlerresearch.ag
Felix Parmantier (Equities)	+49 (0)69 - 977 8456- 22 Felix.Parmantier@cbseydlerresearch.ag	Michele Sassano (Support)	+49 (0)69 - 977 8456- 17 Michele.Sassano@cbseydlerresearch.ag
Dr. Oliver Pucker (Equities)	+49 (0)69 - 977 8456- 27 Oliver.Pucker@cbseydlerresearch.ag	Simone Steymann (Support)	+49 (0)69 - 977 8456- 25 Simone.Steymann@cbseydlerresearch.ag
Marcus Silbe (Equities)	+49 (0)69 - 977 8456- 14 Marcus.Silbe@cbseydlerresearch.ag	Ivo Višić (Equities)	+49 (0)69 - 977 8456- 19 Ivo.Visic@cbseydlerresearch.ag
Veysel Taze (Equities)	+49 (0)69 - 977 8456- 18 Veysel.Taze@cbseydlerresearch.ag	Sergey Weinberg (Corporate Credit)	+49 (0)69 - 977 8456- 20 Sergey.Weinberg@cbseydlerresearch.ag

Institutional Sales



Schillerstrasse 27 – 29
60313 Frankfurt am Main

Phone: +49 (0)69 – 9 20 54-400

Karl Filbert (Head of Sales)	+49 (0)69 -9 20 54-104 Karl.Filbert@cbseydler.com	Klaus Korzilius (Benelux, Scandinavia)	+49 (0)69 -9 20 54-114 Klaus.Korzilius@cbseydler.com
Sebastian Holl (Head of Sales Trading)	+49 (0)69 -9 20 54-119 Sebastian.Holl@cbseydler.com	Carsten Pfersdorf (Head of Sales Execution)	+49 (0)69 -9 20 54-168 Carsten.Pfersdorf@cbseydler.com
Bruno de Lencquesaing (Benelux, France)	+49 (0)69 -9 20 54-116 Bruno.deLencquesaing@cbseydler.com	Dr. James Jackson (UK, Ireland)	+49 (0)69 -9 20 54-113 James.Jackson@cbseydler.com
Claudia Jurewecz (Germany, Austria, Switzerland)	+49 (0)69 -9 20 54-106 Claudia.Jurewecz@cbseydler.com	Markus Laifle (Sales Execution)	+49 (0)69 -9 20 54-120 Markus.Laifle@cbseydler.com
Angela Leser (Germany, Austria, Switzerland)	+49 (0)69 -9 20 54-111 Angela.Leser@cbseydler.com	Enikö-Sofia Matyas (Germany, France)	+49 (0)69 -9 20 54-115 Enikoe-Sofia.Matyas@cbseydler.com
Carsten Schlegel (Sales Trading)	+49 (0)69 -9 20 54-137 Carsten.Schlegel@cbseydler.com	Christopher Seedorf (Switzerland)	+49 (0)69 -9 20 54-110 Christopher.Seedorf@cbseydler.com
Bas-Jan Walhof (Benelux, Scandinavia)	+49 (0)69 -9 20 54-105 Bas-Jan.Walhof@cbseydler.com		

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Recommendation System:

CBSR uses a 3-level absolute share rating system. The ratings pertain to a time horizon of up to 12 months:

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
18 November 2014	BUY	EUR 4.40	EUR 6.00
14 August 2014	BUY	EUR 4.79	EUR 6.00
27 June 2014	BUY	EUR 4.53	EUR 6.00
16 June 2014	BUY	EUR 4.41	EUR 6.00
19 May 2014	BUY	EUR 3.86	EUR 5.00
16 April 2014	BUY	EUR 3.82	EUR 5.00
13 December 2013	BUY	EUR 3.74	EUR 5.00

Risk-scaling System:

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Responsible Supervisory Authority:
Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, Federal Financial Supervisory Authority)
Graurheindorferstraße 108
53117 Bonn
and
Marie-Curie-Str. 24-28
60439 Frankfurt

 **Close Brothers Seydler**
Research AG
Schillerstrasse 27 - 29
60313 Frankfurt am Main
www.cbseydlerresearch.ag
Tel.: 0049 - (0)69 - 97 78 45 60