

Borussia Dortmund

Managing the costs

Borussia Dortmund's FY21 preliminary results are slightly above management's expectations at the EBITDA level and testimony to how well the cost base has been managed given the on-off expectations through the season about the return of fans to the stadium. The challenging year has led to an increase in the company's net debt position, unusual for a club that is conservatively run from a financial perspective, but recent transfer activity and higher match attendance should lead to an improved financial position through FY22. Our FY22 forecasts are unchanged ahead of the publication of the full financial statements on 28 September 2021.

Year end	Revenue (€m)	EBITDA (€m)	PBT* (€m)	EPS (€)	P/E (x)	EV/EBITDA (x)
06/19	370.3	116.0	101.5	0.88	7.8	6.1
06/20	370.2	63.0	45.6	0.47	14.7	11.2
06/21	334.2	39.0	20.2	0.22	31.2	18.2
06/22e	369.9	80.8	63.9	0.62	11.0	8.8

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

In FY21, Borussia Dortmund's revenue declined by c 10% to €334.2m, EBITDA by c 38% to €39m and reported EPS was negative €0.79 versus negative €0.48 in FY20. The EBITDA of €39m (margin 11.7%) was above management's most recent guidance issued at the time of the [Q321 results](#) of €33m (raised from €25–30m previously). Revenue of €334.2m was broadly in line with our expectations of €335.2m, as marginally higher Advertising was offset by marginally lower Merchandising than we expected.

The relatively strong EBITDA performance was due to previously flagged strong cost control: personnel expenses (64% of revenue) flat y-o-y, depreciation and amortisation (33% of revenue) +5%, and other operating expenses (26% of revenue) declined by 28% y-o-y.

Despite the challenging operating environment, the company generated positive operating cashflow of €15.9m. Despite lower y-o-y investment in the squad and fixed assets (€91.8m versus €158.9m in FY20), the lower transfer proceeds (see below) led to an increase in the net debt position at the year-end to €76.2m from €29.1m at end FY20. Recent transfer activity should help to reduce the company's indebtedness, subject to phasing of receipts. Prior to COVID-19, the company has typically operated with a year-end net cash position.

Due to the ongoing uncertainties about match attendance levels in the coming season, management has yet to provide financial guidance for FY22. The results for the coming year will be helped by the July 2021 transfer of its former star player, Jadon Sancho, to Manchester United for quoted gross proceeds of €85m and net EBIT of c €56m. The latter will represent a meaningful boost relative to FY21's net transfer activity of €15.4m and re-emphasises the company's skill at identifying and nurturing talent, and the potential unrealised value in the squad. Transfermarkt.com currently estimates the first team squad is worth €572.9m, equivalent to c 91% of the current equity value, and c 200% premium to the FY21 intangibles book value of €193.4m (including Sancho).

Preliminary FY21 results

Travel & leisure

17 August 2021

Price **€6.87**

Market cap **€632m**

Net debt (€m) at 30 June 2021 76.2

Shares in issue 92.0m

Free float 59.9%

Code BVB

Primary exchange Frankfurt

Secondary exchange N/A

Share price performance



Business description

The group operates Borussia Dortmund, a leading football club, placed third in the Bundesliga in 2020/21, DFB Super Cup winners in 2019/20, and DFB-Pokal winners in 2020/21. The club has qualified for the Champions League in nine of the last 10 seasons

Analysts

Russell Pointon +44 (0)20 3077 5700

Richard Finch +44 (0)20 3077 5700

consumer@edisongroup.com

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