

Recommendation: **BUY** (BUY) Risk: **MEDIUM** (MEDIUM) Price Target: **EUR 5.00** (5.00)

16 April 2014

BVB is heading to the DFB Cup Final

Strong momentum the last few games; Win over Bayern was marvelous

1H 2013/14: The presented 1H 13/14 figures were in line. The overall top line amounted to EUR 136.6m (1H12/13: EUR 125.9m) with an operating result of EUR 11.6m (1H12/13: EUR 19.0m). After taxes net result stood at EUR 8.2m which was below last year's EUR 14.2m. The corresponding EPS was at EUR 0.13 after EUR 0.23 a year earlier.

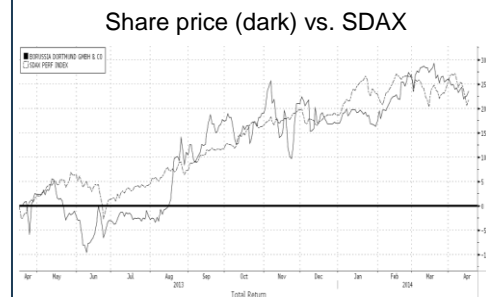
Marginal adjusted estimates: While 1H was in line with our previous estimates we had to adjust our forecast due to some effects we had not included earlier: 1) Three German clubs enhanced to KO stage of Champions League (hence negative estimated effect on Media Pool for Dortmund, 2) BVB reached the Quarter Final instead the Round of last 16 (hence an upside in estimates), 3) BVB reached the DFB Cup Final (also positive effect). As a result our adjusted assumptions lead to new estimated group revenues of EUR 244.7m (previously: EUR 242.5m) due to the aforementioned effects of which the positive effects overcompensated the decline in forecasted Media Pool income coming from the Champions League. Group EBITDA is now expected to be at EUR 52.8m after previously assuming EUR 58.4m. Hence, EBIT estimate is also down to EUR 21.5m for 2013/2014. After all, net income should come in at EUR 14.5m, translating into an EPS of EUR 0.24 (previously: EUR 0.28). For FY14/15E we now forecast revenues of EUR 256.1m with an EBITDA of EUR 61.4m. EPS should translate into EUR 0.31.

Development in all 3 competitions: In the Bundesliga the Team is well positioned to end the Season as Runner-Up which not only directly qualifies for Champions League but also guarantee's a higher share of the Media Pool then if BVB ends at Rank 3. Currently, BVB has a 3 point lead over Schalke 04 but as we consider the remaining games of BVB 'easier' than for Schalke, hence we expect BVB to hold on to the 2nd place. Regarding the DFB Cup, BVB advanced yesterday evening to the Final with a well-deserved 2-0 victory against VFL Wolfsburg. In case Bayern Munich wins today, the Final Match-Up Bayern against BVB will take place on 17 May in Berlin. While the loss against Real Madrid in the Champions League ended the hopes of a repeat of last year's run to the Final, the reaching of the Quarter Final was better than we had expected (Round of Last 16).

Unchanged PT: Our adjusted fair value (DCF, Peer Group) is calculated at EUR 5.37, therefore we stick to our PT of EUR 5.00 and confirm our BUY recommendation.

Y/E 30 June, EURm	10/11	11/12	12/13	13/14E	14/15E	15/16E
Sales	151.5	215.2	305.0	244.7	256.1	272.9
EBITDA	32.4	60.0	87.5	52.8	61.4	71.2
EBIT (reported)	14.9	41.4	65.1	21.5	27.4	33.5
Net income/loss	5.3	27.4	50.8	14.5	19.0	23.1
EPS	0.09	0.45	0.83	0.24	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%	8.8%	10.7%	12.3%
Net margin	3.5%	12.7%	16.7%	5.9%	7.4%	8.5%
EV/EBITDA	8.6	4.6	3.2	5.3	4.5	3.9
EV/EBIT	18.6	6.7	4.3	12.9	10.1	8.3
P/E	44.2	8.6	4.6	16.2	12.4	10.1

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



Sources: CBS Research AG, Bloomberg

Change	13/14E		14/15E		15/16E	
	new	old	new	old	new	old
Revenues	244.7	242.5	256.1	254.4	-	272.9
EBITDA	52.8	58.4	61.4	66.6	-	71.2
EPS	0.24	0.28	0.31	0.35	-	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 3.82
Shares outstanding (m):	61.4
Market capitalisation (EURm):	234.6
Enterprise value (EURm):	277.6
Ø daily trading volume (3 m., no. of shares):	148,405

Performance data:

High 52 weeks:	EUR 4.03
Low 52 weeks:	EUR 2.88
Absolute performance (12 months):	23.3%
Relative performance (vs. SDAX):	
1 month	-0.5%
3 months	9.0%
6 months	-3.4%
12 months	-7.2%

Shareholders (preferred shares):

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

Financial calendar:

9M 13/14 report	15 May 2014
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Appendix

Profit and loss account

	IFRS	EURm	10/11	11/12	12/13	13/14E	14/15E	15/16E
Sales			151.48	215.24	305.03	244.70	256.11	272.85
YoY growth			-	42.1%	41.7%	-19.8%	4.7%	6.5%
Cost of materials			-7.66	-12.48	-17.49	-14.68	-15.37	-16.37
as % of sales			-5.1%	-5.8%	-5.7%	-6.0%	-6.0%	-6.0%
Personnel costs			-61.54	-79.92	-106.22	-102.78	-102.44	-103.68
as % of sales			-40.6%	-37.1%	-34.8%	-42.0%	-40.0%	-38.0%
Other operating income			4.31	7.63	2.79	4.00	2.50	3.00
as % of sales			2.8%	5.0%	1.8%	2.6%	1.7%	2.0%
Other operating expenses			-54.14	-70.49	-96.58	-78.45	-79.39	-84.58
as % of sales			-35.7%	-32.7%	-31.7%	-32.1%	-31.0%	-31.0%
EBITDA			32.44	59.98	87.53	52.80	61.40	71.21
as % of sales			21.4%	27.9%	28.7%	21.6%	24.0%	26.1%
Depreciation and amortisation (incl. PPA depreciation)			-17.53	-18.59	-22.41	-31.33	-33.97	-37.74
as % of sales			-11.6%	-8.6%	-7.3%	-12.8%	-13.3%	-13.8%
EBIT (reported)			14.91	41.39	65.12	21.47	27.43	33.48
as % of sales			9.8%	19.2%	21.3%	8.8%	10.7%	12.3%
Net financial results			-5.44	-4.86	-5.07	-2.59	-2.60	-2.43
EBT (Earnings before income taxes)			9.50	36.59	60.04	18.88	24.83	31.05
as % of sales			6.3%	17.0%	19.7%	7.7%	9.7%	11.4%
Income taxes (incl. other taxes)			-4.10	-9.06	-8.84	-4.18	-5.56	-7.55
as % of EBT			-43.1%	-24.8%	-14.7%	-22.1%	-22.4%	-24.3%
Net income			5.40	27.53	51.19	14.71	19.27	23.49
Minorities			0.09	-0.12	-0.37	-0.25	-0.30	-0.35
Net income attributable to shareholders			5.31	27.41	50.82	14.46	18.97	23.14
as % of sales			3.5%	12.7%	16.7%	5.9%	7.4%	8.5%
Shares outstanding (in m)			61.4	61.4	61.4	61.4	61.4	61.4
Basic earnings per share (EUR)			0.09	0.45	0.83	0.24	0.31	0.38

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

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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%.

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

Date	Recommendation	Price at change date	Price target
23 May 2013	BUY (Initial Coverage)	EUR 3.17	EUR 5.00
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
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