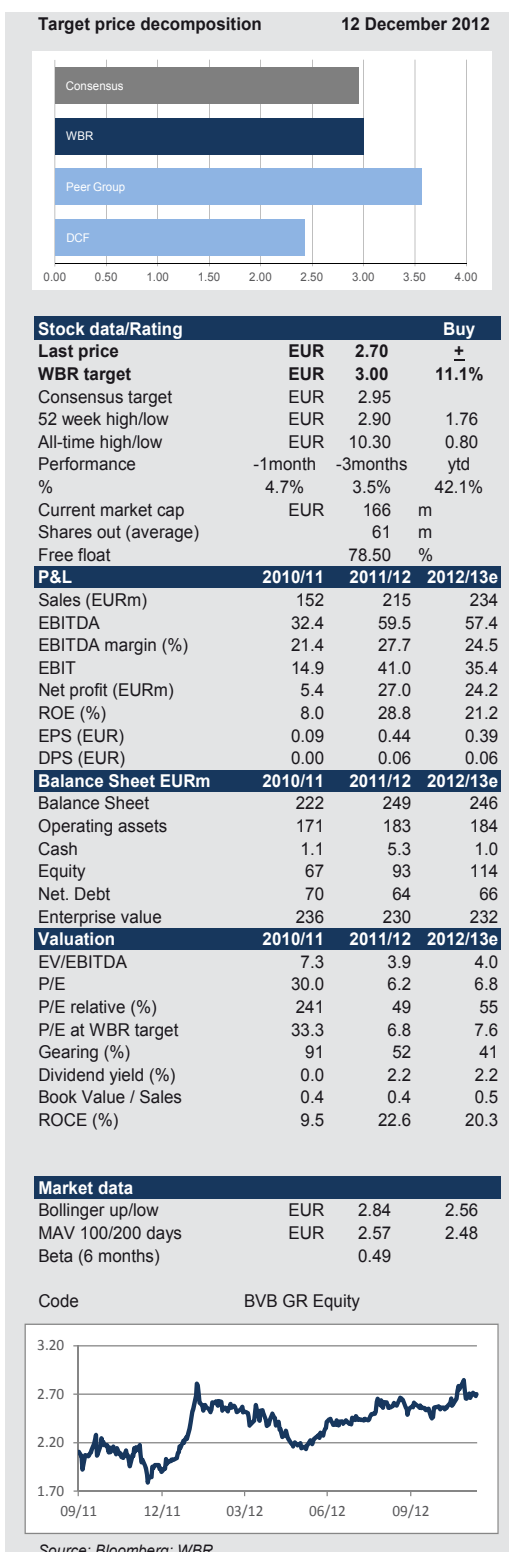


Borussia Dortmund

Consumer & Retail



Buy,

PT EUR3.00, upside 11%

Presentation at Westend Brokers BVB-ManCity event highlights Borussia Dortmund's equity story, remains a "Buy" with a slightly higher price target as a result of some model changes

Facts: Borussia Dortmund CFO Thomas Tress first explained the legal status of Borussia Dortmund (For further details please refer to page 2 of our initial coverage) which is strongly related to league association (DFL) requirements. After this introduction he highlighted the strengths of Borussia Dortmund. The club owns Germany's largest football stadium with a domestic capacity of 80,645 spectators. 91% of Borussia Dortmund's gross debt of EUR47m are tied to the "Signal Iduna Park" stadium. Borussia Dortmund has a huge fan base leading to a roughly 100% capacity utilization of its ground. In absolute terms Borussia Dortmund 80,500 spectators imply that the BVB is currently enjoying the highest average attendance in European professional football (For comparison: Bayern Munich 71,000, ManU 75,000, Barca 75,000). Another important sales driver is the merchandising business which increased sales by 55% to EUR22.0m in financial year 2011/12. Additional sales and especially earnings drivers are transfer compensations. CFO Tress highlighted that the main goal of the club is to have a competitive squad on the pitch. However, he added that sometimes management has to emphasize an economic approach to a payers' or other club's request. Therefore the hidden assets of around EUR203m (Value of squad EUR229.3 source: transfermarkt.de minus intangible value EUR25.7m) should be regarded very cautiously given that the club will sell players only in special situations as described. After turbulent times there is currently only one bigger shareholder; advisory board member Bernd Geske, who owns a stake of 11.6%. At the end of his presentation CFO Thomas Tress underlined that the BVB business mission is to develop new sportive value with young and promising players in line with creating economic value out of the football business.

Assessment: Borussia Dortmund has reached an unexpected first rank in its challenging Champions League group. Therefore we have risen our sales estimates by around EUR5m. For 2013/14 we calculate with a participation in the Europa League.

Conclusion: The BVB share currently trades at a PER of 6.8 (2012/13e) and an EV/EBITDA of 4.0 while its peers (Recreational Services) trade at a PER of 12.4 (2013e) and an EV/EBITDA of 7.7 (2013e). Given some model changes we raise our price target by 5 cents to EUR3 and confirm our "Buy" rating.

Klaus Kraenzle, kraenzle@westendbrokers.de, +49-69-95 92 90 93 195
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Operating segment sales (Mio. EUR)	2009/10	2010/11	2011/12	2012/13e	2013/14e	2014/15e
Transfers	4,9	13,0	26,1	25,0	10,0	10,0
Retail, Catering, Licensing & Other	21,9	28,7	39,1	46,4	51,2	48,0
TV Marketing	21,1	32,1	60,4	66,0	74,0	64,0
Advertising	38,9	50,0	57,8	64,0	63,0	62,0
Match Operations	23,4	27,7	31,4	33,0	33,8	32,0
Other and consolidation	0,0	0,0	0,0	0,0	0,0	0,0
Total Sales	110,1	151,5	214,8	234,4	232,0	216,0

Source: Borussia Dortmund, WBR Estimates

YOY-Change segment sales	2010/11	2011/12	2012/13e	2013/14e	2014/15e
Transfers	163,5%	100,8%	-4,2%	-60,0%	0,0%
Retail, Catering, Licensing & Other	31,3%	36,2%	18,7%	10,3%	-6,3%
TV Marketing	52,2%	88,2%	9,3%	12,1%	-13,5%
Advertising	28,6%	15,7%	10,7%	-1,6%	-1,6%
Match Operations	18,4%	13,4%	5,1%	2,4%	-5,3%
Other and consolidation	n.a.	n.a.	n.a.	n.a.	n.a.
Total Sales	37,5%	41,8%	9,1%	-1,0%	-6,9%

Source: Borussia Dortmund, WBR Estimates

Borussia Dortmund (Group Accounts)

Consolidated income statement (Financial year ends 30.06)

EURm	2009/10	2010/11	2011/12	2012/13e	2013/14e	2014/15e	CAGR
Net Sales	110,1	151,5	214,8	234,4	232,0	216,0	14,4%
Other operating income	2,1	4,3	7,6	9,0	11,0	12,0	41,7%
Total overall performance	112,2	155,8	222,4	243,4	243,0	228,0	15,2%
Cost of materials	4,7	7,7	12,5	12,0	12,0	10,0	16,3%
Staff costs (including administration)	48,0	61,5	79,9	92,0	94,0	96,0	14,9%
Other operating expenses	42,9	54,1	70,5	82,0	74,0	76,0	12,1%
EBITDA	16,6	32,4	59,5	57,4	63,0	46,0	22,6%
depreciation and amortisation	17,2	17,5	18,6	22,0	23,0	23,8	6,8%
EBIT	-0,5	14,9	41,0	35,4	40,0	22,2	10,4%
Net financial result	-5,7	-5,4	-4,8	-5,0	-5,0	-5,0	-2,6%
Pre tax profits	-6,2	9,5	36,2	30,4	35,0	17,2	15,9%
Income and other taxes	-0,1	4,1	9,1	6,1	7,0	3,4	-4,3%
<i>Tax rate</i>	2%	43%	25%	20%	20%	20%	n.a.
Net profit	-6,1	5,4	27,1	24,3	28,0	13,8	26,2%
Minority Inter. / Extraord. Effects	0,1	0,0	-0,1	-0,1	-0,1	-0,1	n.a.
Attributable net income	-6,0	5,4	27,0	24,2	27,9	13,7	26,1%
EPS	-0,10	0,09	0,44	0,39	0,45	0,22	25,5%
PE	-27,1	30,1	6,2	6,9	6,0	12,1	n.a.
DPS	0,00	0,00	0,06	0,06	0,06	0,05	n.a.

Source: Borussia Dortmund, WBR estimates

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2.1. Information about the publisher, responsible company, transmission of financial analyses:

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Author of the present financial analysis: Klaus Kraenzle, Senior Analyst Consumer & Retail / Transport

2.2. Sources of information and summary of the basis of valuation and the valuation methods applied during the preparation

2.2.1. Sources of information:

Essential sources of information for the preparation of this document are publications in interior and foreign media like information services (e.g., Reuters, VWD, Bloomberg, dpa-AFX, among others), business press (e.g., "Börsenzeitung" (financial paper), "Handelsblatt", "Frankfurter Allgemeine Zeitung", Financial Times, among others), specialized press, published statistics, rating agencies as well as publications of the analysed issuers.

All information refers to the date of the publication: [Date, time, refer to the date at the end of the disclaimer]

2.2.2. Summary of the basis of valuation and the valuation methods used during the preparation:

Within the scope of the evaluation of enterprises the following valuation methods are applied: multiplier models (stock exchange value / profit, stock exchange value / cash flow, stock exchange value / book value, Enterprise Value (EV) / turnover, EV / EBIT, EV / EBITA, EV / EBITDA), Peer Group comparisons, historic valuation methods, discounting models (DCF, DDM, EVA, RIM), Break-up-Value- and Sum-of-the-Parts-approaches, substance-valuation methods or a combination of different methods. The valuation models are dependent on economic parameters like interest rates, currencies, resources and on economic assumptions. Moreover, market moods influence the valuations of enterprises. Also, the approaches are based on expectations that may change rapidly and without advance warning according to developments specific for the respective branch. Therefore, the valuation results and fair values derived from the models may also change accordingly. The results of the evaluation basically refer to a period of 12 months. Nevertheless, they are also subjected to market conditions and constitute merely a snapshot. They may be reached faster or slower or may be scaled up or down.

Westend Brokers Research GmbH uses a 3-stage absolute share rating system. The respective recommendations /classifications /ratings refer to a time frame of at least 6 to a maximum of 18 months and are connected with the following expectations:

BUY: The expected yield, based on the determined target price, incl. dividend payment within the respective suitable time frame amounts to > = +10%.

HOLD (previously Neutral): The expected yield, based on the determined target price, incl. dividend payment within the suitable time frame amounts to between -10% and <+10%.

SELL (previously Avoid): The expected yield, based on the determined target price, incl. dividend payment within the suitable time frame amounts to <= - 10%.

2.3. Update

A specific update of the present analysis at a firm time has currently not yet been determined. The analysis and the opinions and assessments contained therein merely reflect the perspective taken at the date stated on the first page of the analysis. Westend Brokers Research GmbH reserves the right to make an update of the analysis or the opinions and assessments contained therein without prior notice. The decision whether and when an update is made lies solely in the discretion of Westend Brokers Research GmbH.

2.4. Information about possible conflicts of interest

According to section 34b WpHG and according to the FinAnV, among other things, when preparing a financial analysis an obligation exists to point out possible conflicts of interest in relation to the analysed finance instrument or the issuer.

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3. In their trading portfolio the aforementioned persons and/or enterprises regularly hold financial instruments which or the issuer of which are subjected to the financial analysis.
4. The aforementioned persons and/or enterprises hold in respect of the financial instruments, which or the issuer of which are subjected to the financial analysis, a net short (short position) of at least 1 percent of the share capital of the issuer.
5. The aforementioned persons and/or enterprises supervise financial instruments, which or the issuer of which are subjected to the financial analysis, within the scope of an outsourcing arrangement with biw bank für Investments und Wertpapiere AG, in a market by placing purchase or selling orders (Market Making/Designated sponsoring).
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9. The aforementioned persons and/or enterprises, within the scope of the position as an intermediary bound by contract with biw bank für Investments und Wertpapiere AG, expect from the issuer, who or whose financial instruments are subjected to the financial analysis, during the next three months remunerations for services in connection with investment banking transactions or seek such remunerations.
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2. The remuneration of the aforementioned persons and/or enterprises is dependent on investment banking transactions of their own enterprise or of affiliated enterprises.
3. In their trading portfolio the aforementioned Persons and/or enterprises regularly hold financial instruments which or the issuer of which are subjected to the financial analysis.
4. The aforementioned persons and/or enterprises hold in respect of the financial instruments, which or the issuer of which are subjected to the financial analysis, a net short (short position) of at least 1 percent of the share capital of the issuer.
5. The aforementioned persons and/or enterprises supervise financial instruments, which or the issuer of which are subjected to the financial analysis, in a market by placing purchase or selling orders (Market Making/ Designated Sponsoring).
6. The aforementioned persons and/or enterprises were involved within the preceding twelve months in lead managing a consortium for in the public offering of financial instruments, which or the issuer of which are subjected to the financial analysis.
7. The aforementioned persons and/or enterprises acted as an issuing bank or a selling agent within the scope of the listing on the stock exchange of the issuer, who or whose financial instruments are subjected to the financial analysis.
8. The aforementioned persons and/or enterprises, within the preceding twelve months and towards the issuer, who or whose financial instruments are subjected to the financial analysis, were bound by an agreement about services in connection with investment banking transactions or received in this period from such an agreement a benefit or a performance promise.

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9. The aforementioned persons and/or enterprises expect from the issuer, who or whose financial instruments are subjected to the financial analysis, during the next three months remunerations for services in connection with investment banking transactions or seek at such remunerations.

10. The aforementioned persons and/or enterprises have concluded an agreement for the preparation of a financial analysis with the issuer, who or whose financial instruments are subjected to the financial analysis.

11. This financial analysis had been made accessible for the issuer, who or whose financial instruments are subjected to the financial analysis, before publication and was modified subsequently.

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2.5. Quarterly overview according to section 5 subsection 4 No. 3 FinAnV

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3.1. Issuer and notice according to section 4 subsection 4 No. 4 FinAnV about preceding publications about the security or the issuer

Issuer of the analysed finance instrument is Borussia Dortmund KGaA AG.

3.2. Date of the first publication and date and price at the time of financial instruments

Company	First Publication	Price EUR	Recommendation	Target Price EUR
Borussia Dortmund	08.02.2012	2,75	Hold	2,90

3.3. Overview of our most recent financial analyses of securities of the issuers within the past 12 months*

Company	Date of Issue	Price EUR	Recommendation	Target Price EUR
Borussia Dortmund	27.02.2012	2,62	Hold	2,90
Borussia Dortmund	24.08.2012	2,62	Hold	2,90
Borussia Dortmund	12.09.2012	2,59	Buy	2,95
Borussia Dortmund	15.11.2012	2,58	Buy	2,95

*For further disclosure, please refer to our homepage (www.westendbrokers.de)

3.4.1. Conflicts of interest with Westend Brokers Research GmbH

2.4.1.1. Bet: >5%	2.4.1.2. Comp.	2.4.1.3. Trade	2.4.1.4. Short >1%	2.4.1.5. DS	2.4.1.6. ECM act.	2.4.1.7. IPO	2.4.1.8. Co.Res.	2.4.1.9. Co.ECM	2.4.1.10. Contract	2.4.1.11. Inform.	2.4.1.12. Mandate	2.4.1.13. Hldg

3.4.2. Conflicts of interest with biw bank für Investments und Wertpapiere AG when transmitting the financial analysis

2.4.2.1. Bet: >5%	2.4.2.2. Comp.	2.4.2.3. Trade	2.4.2.4. Short >1%	2.4.2.5. DS	2.4.2.6. ECM act.	2.4.2.7. IPO	2.4.2.8. Co.Res.	2.4.2.9. Co.ECM	2.4.2.10. Contract	2.4.2.11. Inform.	2.4.2.12. Mandate	2.4.2.13. Hldg
		x										

3.5. Publication according to article 5 (4) no. 3 of the German Regulation concerning the analysis of financial instruments (Finanzanalyseverordnung):

Companies under coverage by Westend Brokers Research GmbH	Total	% of Total	thereof recommendations for issuers to which investment banking services were provided during the preceding 12 months
Buy	71	55%	18
Hold	48	37%	2
Sell	11	8%	0

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Frankfurt am Main 12.12.2012

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