

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

26 August 2013

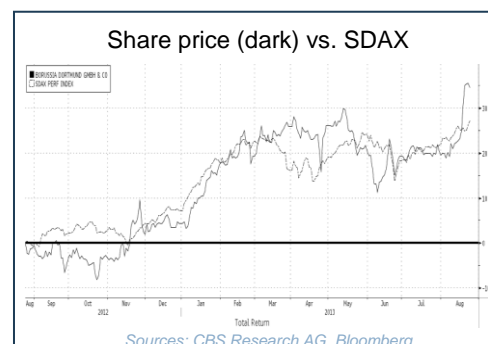
Preliminary figures exceed our estimates

Top line at EUR 305m even EUR 14m higher than expected

- Preliminary figures 2012/13:** End of last week, Borussia Dortmund released selected preliminary key figures for 2012/13. Group revenues amounted to EUR 305.0m, which was well above our estimates (EUR 291.1m) and clearly above last year's revenues (EUR 215.2m). However EBITDA was slightly below our forecast but still significantly higher than in 2011/2012. After an EBITDA of EUR 60.0m in 2011/2012 the group managed to lift its EBITDA up to EUR 87.5m (CBSRe: EUR 93.1m). Hence, while we had expected an EBITDA margin of 32.0% the club reported a still strong 28.7%. The gap between reported figures and estimate mostly results due to higher personal expenses and marketing/event costs. Group EBT amounted to EUR 60m after EUR 36.6m in 2011/2012. All in all net income came in at EUR 51.2m (2011/2012: EUR 27.4m). We had only expected a net result of EUR 49.5m.
- Segment reporting:** For the time being the group only presented the top line of the segments. Match operations achieved segment sales of EUR 44.8m which was clearly ahead of last year's EUR 31.4m as well as our forecast of EUR 40.5m. The Advertising unit reached sales of EUR 69.3m which came in as expected (CBSRe: EUR 69.9m) and 19.9% above last year (2011/2012: EUR 57.8m). The TV marketing segment included the strongest growth within the segments (mostly due to the media pool income from the UEFA CL of EUR 21.8m) at EUR 87.6m (CBSRe: EUR 81.6m) after EUR 60.4m in corresponding period last year. The Retail, Catering, Licensing & Others sales amounted to EUR 51.7m (CBSRe: EUR 47.4m) after EUR 39.5m last year. Due to the Götze deal the transfer income increased to EUR 51.6m (CBSRe: EUR 51.7m) from EUR 26.1m last year.
- Change in estimates:** We only adjusted our estimated marginally. The estimated for this year is now expected at EUR 58.4m after previously expecting EUR 62.1m mostly due to the higher personnel expenses for the player Lewandowski and some minor marketing effects. However, top line is still expected to be at EUR 242.5m. EPS therefore should translate into EUR 0.28 (previously: EUR 0.33). For next year EPS is down by EUR 0.01 to EUR 0.35.
- Unchanged PT:** We stick to our price target of EUR 5.00/BUY recommendation.

Key data:						
Y/E 31 Dec, EURm	09/10	10/11	11/12	12/13E	13/14E	14/15E
Sales	110.1	151.5	215.2	305.0	242.5	254.4
EBITDA	16.7	32.4	60.0	87.5	58.4	66.6
EBIT (reported)	-0.5	14.9	41.4	65.5	27.1	32.6
Net income/loss	-6.2	5.3	27.4	51.2	17.4	21.3
EPS	-0.10	0.09	0.45	0.83	0.28	0.35
EBITDA margin	15.1%	21.4%	27.9%	28.7%	24.1%	26.2%
EBIT margin	-0.5%	9.8%	19.2%	21.5%	11.2%	12.8%
Net margin	-5.6%	3.5%	12.7%	16.8%	7.2%	8.4%
EV/EBITDA	15.5	8.0	4.3	2.9	4.4	3.9
EV/EBIT	n.m.	17.3	6.2	3.9	9.5	7.9
P/E	n.m.	40.5	7.8	4.2	12.4	10.1

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



Change	12/13E		13/14E		14/15E	
	new	old	new	old	new	old
Revenues	305.0	291.1	-	242.5	-	254.4
EBITDA	87.5	93.1	58.4	62.1	66.6	67.8
EPS	0.83	0.81	0.28	0.33	0.35	0.36

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

Sector: Entertainment
ISIN: DE0005493092
Bloomberg: BVB GY

Short company profile:

Borussia Dortmund GmbH & Co KGaA is a Germany-based company engaged in the operation of Ballspielverein Borussia (BVB), a professional football club based in Dortmund, Germany.

Share data:

Share price (last closing price):	EUR 3.50
Shares outstanding (m):	61.4
Market capitalisation (EURm):	215.0
Enterprise value (EURm):	257.9
Ø daily trading volume (3 m., no. of shares):	125,258

Performance data:

High 52 weeks:	EUR 3.62
Low 52 weeks:	EUR 2.43
Absolute performance (12 months):	38.1%
Relative performance (vs. SDAX):	
1 month	9.4%
3 months	5.6%
6 months	1.9%
12 months	2.2%

Shareholders (preferred shares):

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

Financial calendar:

2012/2013 annual report 27 September 2013

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Appendix

Profit and loss account

	IFRS	EURm	09/10	10/11	11/12	12/13E	13/14E	14/15E
Sales			110.14	151.48	215.24	305.00	242.46	254.42
YoY growth			-	37.5%	42.1%	41.7%	-20.5%	4.9%
Cost of materials			-4.68	-7.66	-12.48	-17.11	-14.55	-15.27
as % of sales			-4.3%	-5.1%	-5.8%	-5.6%	-6.0%	-6.0%
Personnel costs			-47.96	-61.54	-79.92	-94.80	-101.84	-101.77
as % of sales			-43.5%	-40.6%	-37.1%	-31.1%	-42.0%	-40.0%
Other operating income			2.08	4.31	7.63	4.92	7.50	5.50
as % of sales			1.9%	3.9%	6.9%	4.5%	6.8%	5.0%
Other operating expenses			-42.93	-54.14	-70.49	-91.00	-75.16	-76.33
as % of sales			-39.0%	-35.7%	-32.7%	-29.8%	-31.0%	-30.0%
EBITDA			16.65	32.44	59.98	87.50	58.42	66.56
as % of sales			15.1%	21.4%	27.9%	28.7%	24.1%	26.2%
Depreciation and amortisation (incl. PPA depreciation)			-17.16	-17.53	-18.59	-22.00	-31.33	-33.97
as % of sales			-15.6%	-11.6%	-8.6%	-7.2%	-12.9%	-13.4%
EBIT (reported)			-0.51	14.91	41.39	65.50	27.09	32.59
as % of sales			-0.5%	9.8%	19.2%	21.5%	11.2%	12.8%
Net financial results			-5.74	-5.44	-4.86	-5.44	-2.59	-2.60
EBT (Earnings before income taxes)			-6.18	9.50	36.59	60.06	24.50	29.98
as % of sales			-5.6%	6.3%	17.0%	19.7%	10.1%	11.8%
Income taxes (incl. other taxes)			0.03	-4.10	-9.06	-8.65	-6.86	-8.40
as % of EBT			-0.5%	-43.1%	-24.8%	-14.4%	-28.0%	-28.0%
Net income			-6.15	5.40	27.53	51.41	17.64	21.59
Minorities			0.04	-0.09	-0.12	-0.21	-0.25	-0.30
Net income attributable to shareholders			-6.19	5.31	27.41	51.20	17.39	21.29
as % of sales			-5.6%	3.5%	12.7%	16.8%	7.2%	8.4%
Shares outstanding (in m)			61.4	61.4	61.4	61.4	61.4	61.4
Basic earnings per share (EUR)			-0.10	0.09	0.45	0.83	0.28	0.35

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

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

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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

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