

Borussia Dortmund GmbH & Co KGaA

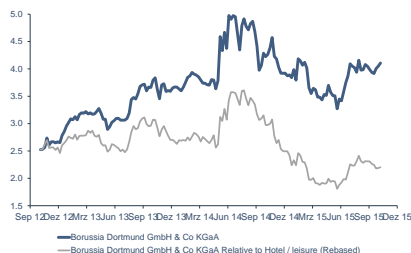
Buy → | Target 5.00 EUR

Price : 4.11 EUR | Upside : 22 %

Est.chg	2016e	2017e
EPS	-	-

Q1 top line ahead of expectations – one-off lowers bottom line by € 7.5m

Monday 09 November 2015


Capital

BVB GY BVB.DE	
Market Cap (EURm)	378
Enterprise value (EURm)	340
Extrema 12 months	3.21 - 4.57
Free Float (%)	60.5

Performance (%)	1m	3m	12m
Absolute	3.2	0.9	-3.1
Perf. rel. "sector"	-2.1	6.4	-14.0
Perf. rel. Hotel / leisure	-2.1	-1.4	-24.6

P&L	06/16e	06/17e	06/18e
Sales (EURm)	282	302	324
EBITDA (EURm)	53.6	66.9	71.7
Current EBIT (EURm)	4.8	12.0	12.9
Attr. net profit (EURm)	3.2	8.8	9.0
Adjusted EPS (EUR)	0.03	0.10	0.10
Dividend (EUR)	0.05	0.05	0.05

P/E (x)	118.4	43.1	42.2
P/B (x)	1.3	1.3	ns
Dividend Yield (%)	1.2	1.2	1.2
FCF yield (%)	ns	0.6	1.7
EV/Sales (x)	1.21	1.13	1.17
EV/EBITDA (x)	6.4	5.1	5.3
EV/Current EBIT (x)	70.6	28.6	29.2
Gearing (%)	-13	-12	ns
Net Debt/EBITDA(x)	ns	ns	ns

Next Events

13.11.2015	Q1 Results
23.11.2015	AGM

Q1 2015-2016 preliminary figures

Borussia Dortmund (BVB) posted some preliminary key figures with mixed results. While the top line came in ahead of expectations, the bottom line was negatively affected by a one-off (€ 7.5m), hence, reported net earnings were lower than we had anticipated. However, on an adjusted level, the company's net earnings are well on track to meet the guidance (lower single-digit €m range). Specifically, BVB achieved revenues of € 90m in Q1 2015-2016 (ending 30 September) vs. € 70m in Q1 2014-2015, beating our estimate (€ 85.4m) by ~6%. While we will await the segment mix results, we estimate that the main reason for the positive gap was the Asia Tour (our est.: revenues € 5m) and the TV marketing unit (€ 27m) due to its direct marketing of the UEFA EL qualification games. BVB's group Q1 2015-2016 EBITDA totalled € 13.9m, translating into an EBITDA margin of 16.3%; both figures were largely in line with our estimates of € 14.2m and 17% respectively. EBIT, however, was well below expectations, due to a negative one-off amounting to € 7.5m. Including this effect EBIT stood at € -5.2m and excluding this effect, adjusted EBIT was positive at € 2.3m (our est.: € 2.5m). BVB has yet to comment on the negative one-off, but taking the newsflow from the last few months into consideration, their striker Ciro Immobile could be the reason. Given that Immobile is on loan to FC Sevilla and is rumoured to have been sold to Sevilla, this write-off comes as no surprise. Based on our calculations, Immobile's latest book value stands at € 15.5m and post write-off at € 8m. Based on the transfer fee of € 11m currently being speculated, BVB could have a book gain after the deal is executed. As a result, the negative one-off can be disregarded to a certain extent.

Outlook 2015/2016e

The company's guidance was presented prior to the issues with Immobile, therefore we believe the one-off has not been accounted for in the guidance; hence, we adjust our estimates for the one-off. While we expect the company to reiterate most of their guidance, the top line now seems too conservative, i.e. i) revenues of at least € 265m, after posting € 90m in Q1 2015-2016, seem quite conservative. We will undoubtedly raise our revenue estimate, from currently € 282m, after the Q1 report is published. ii) EBIT in the lower single-digit €m range (adjusted for the one-off of € 7.5m); iii) D&A of € 48m (excluding the one-off), hence, EBITDA of ~€ 50m; iv) net income in the lower single-digit €m range (on an adjusted level).

BVB's standing in all competitions

Bundesliga: After 12 matches, BVB is ranked 2nd with 29 points, 5 points behind leader Bayern Munich; 8 points ahead of the 3rd-place team and 9 points ahead of no. 4 (CL qualification). **DFB Cup:** Qualified for the round of 16; next match on 15 December against last-place FC Augsburg (away). **UEFA Europa League:** BVB has reached the round of 16 as one of the first 4 teams.

Buy maintained; short-term stock triggers

The Q1 2015-2016 figures are mixed only at first glance. Overall, the positive top line surprise offsets the neg. one-off impact. We expect the stock to remain positive until the AGM on 23 November. We will have to adjust our model after the Q1 2015-2016 report has been released. We remain Buyers with an unchanged TP of € 5.00. We highlight that our FVpS currently stands at € 7.25. The new TV deal for Bundesliga could be a major positive trigger (probably first news in March/April 2016), both fundamentally and for the stock momentum.

Marcus Silbe, CEFA (Analyst)

+49 (69) 92 05 48 14

marcus.silbe@oddoseydl.com

Conflict of interests:

Oddo Securities, a division of Oddo & Cie, limited sharepartnership - Bank authorised by ACPR. Oddo & Cie and/or one of its subsidiaries could be in a conflict of interest situation with one or several of the groups mentioned in this publication. Please refer to the conflict of interests section at the end of this document. This is a non-contractual document, it is strictly for the private use of the recipient, and the information it contains is based on sources we believe to be reliable, but whose accuracy and completeness cannot be guaranteed. The opinions given in the document reflect our appraisal at the time of publication and may therefore be revised at a later date.

BVB.DE | BVB GY
Leisure | Germany

	Buy				Price	4.11EUR		
	Upside	21.71%			TP	5.00EUR		
PER SHARE DATA (EUR)	06/11	06/12	06/13	06/14	06/15	06/16e	06/17e	06/18e
Adjusted EPS	0.09	0.45	0.83	0.19	0.06	0.03	0.10	0.10
Reported EPS	0.09	0.45	0.83	0.19	0.06	0.03	0.10	0.10
Growth in EPS(%)	-	ns	85.4%	-77.1%	-68.3%	-42.3%	ns	2.2%
Net dividend per share	0.00	0.06	0.10	0.10	0.05	0.05	0.05	0.05
FCF to equity per share	0.21	0.31	0.23	0.29	-0.60	-0.15	0.02	0.07
Book value per share	1.10	1.52	2.28	2.36	3.11	3.13	3.18	0.00
Number of shares market cap	61.43	61.43	61.43	61.43	92.00	92.00	92.00	92.00
Number of diluted shares	61.43	61.43	61.43	61.43	92.00	92.00	92.00	92.00
VALUATION	06/11	06/12	06/13	06/14	06/15	06/16e	06/17e	06/18e
12m highest price	3.05	2.80	3.95	5.10	4.21			
12m lowest price	1.76	1.90	2.64	3.56	3.21			
(*) Reference price	2.16	2.27	2.80	3.66	4.10	4.11	4.11	4.11
Capitalization	133	140	172	225	378	378	378	378
Restated Net debt	60	43	34	25	-51.2	-37.6	-35.2	0.0
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value	192	183	206	250	326	340	343	378
P/E (x)	25	5.1	3.4	19	68	118	43	42
P/CF (x)								
Net Yield (%)	0.0%	2.6%	3.6%	2.7%	1.2%	1.2%	1.2%	1.2%
FCF yield (%)	9.5%	13.7%	8.3%	7.8%	ns	ns	0.6%	1.7%
P/B incl. GW (x)	1.97	1.50	1.23	1.55	1.32	1.31	1.29	ns
P/B excl. GW (x)	1.97	1.50	1.23	1.55	1.32	1.31	1.29	ns
EV/Sales (x)	1.27	0.85	0.68	0.96	1.18	1.21	1.13	1.17
EV/EBITDA (x)	5.9	3.0	2.4	5.1	5.9	6.4	5.1	5.3
EV/EBIT (x)	13	4.4	3.2	14	25	71	29	29
<i>(*) historical average price</i>								
PROFIT AND LOSS (EURm)	06/11	06/12	06/13	06/14	06/15	06/16e	06/17e	06/18e
Sales	151	215	305	261	276	282	302	324
EBITDA	32	60	88	49	56	54	67	72
Depreciations	-17.5	-18.6	-22.4	-30.7	-42.4	-48.8	-55.0	-58.8
Current EBIT	15	41	65	18	13	4.8	12	13
Published EBIT	15	41	65	18	13	4.8	12	13
Net financial income	-5.4	-4.8	-5.1	-3.9	-7.2	-0.3	-0.3	-0.3
Corporate Tax	-4.1	-9.1	-8.8	-2.6	-0.5	-1.4	-3.0	-3.7
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	-0.1	-0.1	-0.4	-0.3	0.0	0.0	0.0	0.0
Attributable net profit	5.3	27	51	12	5.5	3.2	8.8	9.0
Adjusted attributable net profit	5.3	27	51	12	5.5	3.2	8.8	9.0
BALANCE SHEET (EURm)	06/11	06/12	06/13	06/14	06/15	06/16e	06/17e	06/18e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible assets	18	26	28	62	96	118	127	0.0
Tangible fixed assets	171	183	178	185	190	184	180	0.0
WCR	2.1	2.2	44	-13.5	-1.4	-1.0	0.6	0.0
Financial assets	7.4	2.1	5.4	3.4	3.7	3.5	3.5	0.0
Ordinary shareholders equity	67	93	140	145	286	288	292	0.0
Minority interests	0.3	0.3	0.6	0.3	0.3	0.3	0.3	0.0
Shareholders equity	68	93	141	145	286	289	293	0.0
Non-current provisions	71	76	81	66	53	54	54	0.0
Net debt	60	43	34	25	-51.2	-37.6	-35.2	0.0
CASH FLOW STATEMENT (EURm)	06/11	06/12	06/13	06/14	06/15	06/16e	06/17e	06/18e
EBITDA	32.4	60.0	87.5	49.1	55.6	53.6	66.9	71.7
Change in WCR	5.8	1.1	3.3	-6.7	-20.9	0.4	-1.4	-1.2
Interests & taxes	-6.4	-6.1	-13.9	-7.5	-7.4	-2.3	-3.2	-4.0
Others	-11.1	-27.0	-48.4	-8.5	-10.4	-0.2	0.0	0.0
Operating Cash flow	20.7	28.0	28.6	26.4	16.9	51.5	62.3	66.5
CAPEX	-8.1	-8.9	-14.3	-8.9	-72.1	-65.1	-60.1	-60.1
Free cash-flow	12.6	19.2	14.3	17.6	-55.1	-13.6	2.2	6.4
Acquisitions / disposals	0.1	0.2	0.1	0.0	-0.4	0.0	0.0	-0.4
Dividends	-0.4	-1.2	-5.1	-8.0	-8.3	0.0	-4.6	-4.6
Net capital increase	0.0	0.0	0.0	0.0	140.7	0.0	0.0	0.0
Others	-6.5	-11.7	-2.0	-4.3	-41.0	0.0	0.0	-41.0
Change in net debt	10.3	18.1	9.3	9.6	76.9	-13.6	-2.4	1.4
GROWTH MARGINS PRODUCTIVITY	06/11	06/12	06/13	06/14	06/15	06/16e	06/17e	06/18e
Sales growth	-	42.1%	41.7%	-14.5%	5.9%	2.1%	7.3%	7.0%
Lfl sales growth	-	-	-	-	-	-	-	-
Current EBIT growth	-	ns	57.3%	-71.7%	-28.7%	-63.4%	ns	7.8%
Growth in EPS(%)	-	ns	85.4%	-77.1%	-68.3%	-42.3%	ns	2.2%
Net margin	3.5%	12.7%	16.7%	4.5%	2.0%	1.1%	2.9%	2.8%
EBITDA margin	21.4%	27.9%	28.7%	18.8%	20.1%	19.0%	22.1%	22.2%
Current EBIT margin	9.8%	19.2%	21.3%	7.1%	4.8%	1.7%	4.0%	4.0%
CAPEX / Sales	-7.5%	-13.1%	-9.0%	-23.9%	-28.5%	-23.1%	-19.9%	-18.6%
WCR / Sales	1.4%	1.0%	14.3%	-5.2%	-0.5%	-0.4%	0.2%	0.0%
Tax Rate	43.1%	24.8%	14.7%	18.0%	7.8%	30.2%	25.4%	29.3%
Normative tax rate	-70.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Asset Turnover	-	1.1	1.3	1.1	1.1	1.0	1.0	2.1
ROCE post-tax (normative tax rate)	-	14.5%	19.8%	5.3%	3.6%	1.2%	2.8%	5.9%
ROCE post-tax hors GW (normative tax rate)	-	14.5%	19.8%	5.3%	3.6%	1.2%	2.8%	5.9%
ROE	-	34.2%	43.6%	8.2%	2.6%	1.1%	3.0%	6.1%
DEBT RATIOS	06/11	06/12	06/13	06/14	06/15	06/16e	06/17e	06/18e
Gearing	88%	46%	24%	17%	-18%	-13%	-12%	ns
Net Debt / Market Cap	0.45	0.31	0.20	0.11	-0.14	-0.10	-0.09	0.00
Net debt / EBITDA	1.84	0.72	0.39	0.50	ns	ns	ns	ns
EBITDA / net financial charges	6.0	12.3	17.3	12.6	7.8	214.3	267.8	286.8


Recommendation and target price changes history over the last 12 months for the company analysed in this report

Date	Reco	Price Target (EUR)	Price (EUR)
18.11.15	Buy	6.00	4.11
01.06.15	Buy	5.00	3.45
27.05.15	Buy	6.00	3.68
15.05.15	Buy	5.00	3.52
14.08.14	Buy	6.00	4.81

Disclosures
Investment banking and/or Distribution

Has Oddo Group, or Oddo & Cie, or Oddo Seydler managed or co-managed in the past 12 months a public offering of securities for the subject company/ies? No

Has Oddo Group, or Oddo & Cie, or Oddo Seydler received compensation for investment banking services from the subject company/ies in the past 12 months or expects to receive or intends to seek compensation for investment banking services from the subject company/ies in the last 12 months? No

Research contract between Oddo group & the issuer

Oddo & Cie and the issuer have agreed that Oddo & Cie will produce and disseminate investment recommendations on the said issuer as a service to the issuer No

Liquidity provider agreement and market-making

At the date of the distribution of this report, does Oddo Group, or Oddo & Cie, or Oddo Seydler act as a market maker or has Oddo Group or Oddo & Cie, or Oddo Seydler signed a liquidity provider agreement with the subject company/ies? Yes

Significant equity stake

Does Oddo Group, or Oddo & Cie, or Oddo Seydler own 5% or more of any class of common equity securities of the subject company/ies? No

Does the subject company beneficially own 5% or more of any class of common equity of Oddo & Cie or its affiliates? No

Disclosure to Company

Has a copy of this report ; with the target price and/or rating removed, been presented to the subject company/ies prior to its distribution, for the sole purpose of verifying the accuracy of factual statements ? No

Have the conclusions of this report been amended following disclosure to the company/ies and prior its distribution? No

Additional material conflicts

Is Oddo Group, or Oddo & Cie, or Oddo Seydler aware of any additional material conflict of interest? No

Statement of conflict of interests of all companies mentioned in this document may be consulted on Oddo & Cie's: www.oddosecurities.com



Disclaimer:

Disclaimer for Distribution by Oddo & Cie to Non-United States Investors:

This research publication is produced by Oddo Securities ("Oddo Securities"), a division of Oddo & Cie ("ODDO"), which is licensed by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the Autorité des Marchés Financiers ("AMF"), and/or by ODDO SEYDLER BANK AG ("Oddo Seydler"), a German subsidiary of ODDO, regulated by Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin").

The research, when distributed outside of the U.S., is intended exclusively for non-U.S. customers of ODDO and cannot be divulged to a third-party without prior written consent of ODDO. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment.

This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French and German regulatory provisions designed to promote the independence of investment research.

At the time of publication of this document, ODDO and/or Oddo Seydler, and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context and which is subject to change without notice. The views expressed in this research report accurately reflect the analyst's personal views about the subject securities and/or issuers and no part of his compensation was, is, or will be directly or indirectly related to the specific views contained in the research report.

This research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice.

Disclaimer for Distribution by Oddo New York to United States Investors:

This research publication is produced by Oddo Securities, a division of ODDO and/or by Oddo Seydler.

This research is distributed to U.S. investors exclusively by Oddo New York Corporation ("ONY"), MEMBER: FINRA/SIPC, and is intended exclusively for U.S. customers of ONY and cannot be divulged to a third-party without prior written consent of ONY. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment.

This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French and German regulatory provisions designed to promote the independence of investment research.

At the time of publication of this document, ODDO and/or Oddo Seydler, and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context and which is subject to change without notice.

Rule 15a-6 Disclosure:

Under Rule 15a-6(a)(3), any transactions conducted by ODDO and/or Oddo Seydler, and/or one of its subsidiaries with U.S. persons in the securities described in this foreign research must be effected through ONY. ONY accepts responsibility for the contents of the research only to the extent it may be distributed to persons who are not major U.S. institutional investors as defined in Rule 15a-6, or where this research is distributed to major U.S. institutional investors who are located in states where there is no institutional exemption from registration in the state comparable to the definition of major U.S. institutional investor in Rule 15a-6.

FINRA Disclosures:

- Neither ONY, ODDO, nor Oddo Securities, nor Oddo Seydler beneficially owns 1% or more of any class of common equity securities of the subject company.
- The research analyst of Oddo Securities or Oddo Seydler, at the time of publication of this research report, is not aware, nor does he know or have reason to know of any actual, material conflict of interest of himself, ODDO, Oddo Securities, Oddo Seydler or ONY, except those mentioned in the paragraph entitled "Risk of Conflict of Interest."
- Oddo Securities or ODDO or Oddo Seydler may receive or seek compensation for investment banking services in the next 3 months from the subject company of this research report, but ONY would not participate in those arrangements.
- Neither ONY, ODDO, Oddo Securities, nor Oddo Seydler has received compensation from the subject company in the past 12 months for providing investment banking services except those mentioned in the paragraph of "Risk of Conflict of Interest".
- Neither ONY., ODDO, Oddo Securities nor Oddo Seydler has managed or co-managed a public offering of securities for the subject company in the past 12 months except those mentioned in the paragraph of "Risk of Conflict of Interest".
- ONY does not make (and never has made) markets and, accordingly, was not making a market in the subject company's securities at the time that this research report was published.

Regulation AC:

ONY is exempt from the certification requirements of Regulation AC for its distribution to a U.S. person in the United States of this research report that is prepared by an Oddo Securities research analyst because ODDO has no officers or persons performing similar functions or employees in common with ONY and ONY maintains and enforces written policies and procedures reasonably designed to prevent it, any controlling persons, officers or persons performing similar functions, and employees of ONY from influencing the activities of the third party research analyst and the content of research reports prepared by the third party research analyst.

Contact Information of firm distributing research to U.S. investors: Oddo New York Corporation, MEMBER: FINRA/SIPC, is a wholly owned subsidiary of Oddo & Cie; Philippe Bouclainville, President (pbouclainville@oddone.com) 150 East 52nd Street New York, NY 10022 212-481-4002.