

Borussia Dortmund

Q322 results

Looking forward to a better FY22/23

Borussia Dortmund's football season finished on 14 May 2022 with another (comfortable) second place in the Bundesliga confirming qualification for the Champions League in the 2022/23 season. Management's reiterated guidance for FY22, a net loss of €17–24m, represents a robust performance given the restrictions on fan attendance for the majority of the year and a less successful season in European competitions than is typical. The company is well-placed to deliver an improved financial performance in FY22/23 if further COVID-19 related restrictions can be avoided. Our valuation of €9.8/share suggests significant upside in a normalised operating environment.

Year end	Revenue (€m)	EBITDA* (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	EV/EBITDA (x)
06/20	370.2	63.0	45.6	0.47	0.00	7.8	6.3
06/21	334.2	39.0	24.3	0.26	0.00	13.9	10.2
06/22e	350.4	81.5	65.8	0.57	0.00	6.4	4.9
06/23e	389.0	106.5	91.5	0.76	0.00	4.8	3.7

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

Q322: Fewer domestic and European games

BVB's Q322 revenue declined by c 20% y-o-y to €64.2m due primarily to lower TV Marketing revenue (-50% y-o-y) and Merchandising (-13%), which both reflect fewer Bundesliga games and less success in European competitions than Q321 (Round of 16 in Champions League). Advertising (+20% y-o-y from new sponsors and improved hospitality) and Conference and Catering (+186%) generated strong growth, but Match Operations revenue continued to be hampered by COVID-19 related restrictions. The lower revenue, a modest decline in operating costs and limited transfer activity in the quarter pushed the company back to an EBITDA loss of €5.9m following profit in both quarters of H122.

FY22 guidance reiterated

Management reiterated its guidance for FY22, a net loss of €17–24m, much lower than the losses of €44m in FY20 and €73m in FY21, all years heavily affected by COVID-19 related restrictions. On 10 May 2022, the club announced a mutual agreement with Manchester City to sell one of its most important players in recent seasons, Erling Haaland. Contractual details have yet to be finalised, but management expects the sale will benefit FY23 EBITDA and EBIT by €35–40m. The estimated transfer fee of €75m (source: Transfermarkt.com) is a significant premium to the player's acquisition cost of €20m in January 2020, but short of the estimated value of €150m (source: Transfermarkt.com). Our estimates for FY22 and FY23 are unchanged ahead of confirmation of the terms of the transfer.

Valuation: Asset-backed valuation of €9.80/share

Our asset-backed sum-of-the-parts valuation reduces to €9.80/share (€11/share previously) to reflect the lower market valuations of the quoted peers (which influence our estimates for the club's brand valuation), lower to-be-realised valuation for Haaland, and updates to the balance sheet valuations for the stadium and net debt.

Travel & leisure

17 May 2022

Price €3.66

Market cap €398m

Net debt (€m) at 31 March 2022 4.4

Shares in issue 110.4m

Free float (excluding Ballspielverein Borussia 09 e.V. Dortmund shareholding) 62.6%

Code BVB

Primary exchange Frankfurt

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs (6.4) (16.3) (39.7)

Rel (local) (5.0) (7.8) (33.4)

52-week high/low €6.64 €3.35

Business description

The group operates Borussia Dortmund, a leading football club, placed second in the Bundesliga in 2021/22, 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.

Next events

FY22 results August 2022

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Exhibit 1: Financial summary

	€m	2020	2021	2022e	2023e
Year end 30 June		IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT					
Revenue		370.2	334.2	350.4	389.0
Cost of Sales		(22.4)	(19.6)	(20.6)	(21.6)
Gross Profit		347.8	314.6	329.9	367.4
EBITDA		63.0	39.0	81.5	106.5
Operating profit (before amort. and excepts.)		49.1	25.3	67.7	92.5
Amortisation of acquired intangibles		(88.3)	(92.6)	(89.8)	(97.3)
Exceptionals		(3.9)	(4.8)	0.0	0.0
Reported operating profit		(43.1)	(72.1)	(22.1)	(4.8)
Net Interest		(3.4)	(1.1)	(1.9)	(1.0)
Joint ventures & associates (post tax)		(0.0)	0.1	0.0	0.0
Profit Before Tax (norm)		45.6	24.3	65.8	91.5
Profit Before Tax (reported)		(46.6)	(73.2)	(24.0)	(5.8)
Reported tax		2.6	0.3	0.0	0.0
Profit After Tax (norm)		43.0	24.2	60.5	84.2
Profit After Tax (reported)		(44.0)	(72.8)	(24.0)	(5.8)
Minority interests		0.0	0.0	0.0	0.0
Net income (normalised)		43.0	24.2	60.5	84.2
Net income (reported)		(44.0)	(72.8)	(24.0)	(5.8)
Average Number of Shares Outstanding (m)		92.0	92.0	105.4	110.4
EPS - normalised (c)		46.8	26.3	57.4	76.2
EPS - normalised fully diluted (c)		46.77	26.28	57.43	76.23
EPS - basic reported (€)		(0.48)	(0.79)	(0.23)	(0.05)
Dividend (€)		0.00	0.00	0.00	0.00
Revenue growth (%)		(0.0)	(9.7)	4.9	11.0
Gross Margin (%)		94.0	94.1	94.1	94.4
EBITDA Margin (%)		17.0	11.7	23.3	27.4
Normalised Operating Margin		13.2	7.6	19.3	23.8
BALANCE SHEET					
Fixed Assets		441.5	389.8	355.6	313.5
Intangible Assets		229.7	193.4	167.0	133.0
Tangible Assets		193.0	183.5	175.7	167.7
Investments & other		18.8	12.9	12.9	12.9
Current Assets		76.5	60.7	78.8	115.9
Stocks		6.8	6.8	10.5	11.2
Debtors		36.5	29.9	31.4	34.8
Cash & cash equivalents		3.3	1.7	14.7	47.6
Other		29.9	22.2	22.2	22.2
Current Liabilities		(122.6)	(163.6)	(88.5)	(89.5)
Creditors		(110.2)	(100.1)	(84.1)	(85.0)
Tax and social security		(0.0)	(0.0)	(0.0)	(0.0)
Short term borrowings		(8.0)	(56.9)	0.0	0.0
Finance leases		(4.4)	(4.2)	(2.1)	(2.1)
Other		0.0	(2.3)	(2.3)	(2.3)
Long Term Liabilities		(89.9)	(54.3)	(54.3)	(54.3)
Long term borrowings		0.0	0.0	0.0	0.0
Finance leases		(20.1)	(16.8)	(16.8)	(16.8)
Other long term liabilities		(69.9)	(37.5)	(37.5)	(37.5)
Net Assets		305.4	232.6	291.6	285.7
Minority interests		0.0	0.0	0.0	0.0
Shareholders' equity		305.4	232.6	291.6	285.7
CASH FLOW					
Operating Cash Flow		59.5	37.9	79.6	105.5
Working capital		(18.0)	(6.9)	(21.2)	(3.3)
Exceptional & other		(38.9)	(13.6)	(58.1)	(59.0)
Tax		0.3	0.0	0.0	0.0
Net operating cash flow		3.0	17.4	0.3	43.3
Capex		(6.1)	(3.4)	(6.0)	(6.0)
Net investment in intangibles		(44.6)	(58.6)	(3.3)	(3.3)
Acquisitions/disposals		0.0	0.0	0.0	0.0
Net interest		(3.3)	(1.4)	(1.9)	(1.0)
Equity financing		0.0	0.0	82.9	0.0
Dividends		(5.5)	0.0	0.0	0.0
Other		(3.9)	52.5	(59.0)	0.0
Net Cash Flow		(60.6)	6.4	13.0	32.9
Opening net debt/(cash)		(44.4)	29.1	76.2	6.4
Other non-cash movements		(12.9)	(53.6)	56.9	0.0
Closing net debt/(cash)		29.1	76.2	6.4	(26.6)

Source: Borussia Dortmund, Edison Investment Research

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