

Borussia Dortmund

Q123 results

Encouraging start to FY23

Borussia Dortmund's Q123 results demonstrated the expected recovery in its more variable revenue streams as the club welcomed the return of more fans to the stadium versus the COVID-19-affected Q122. The return to normality was also reflected in a relatively busy transfer window in the summer with five player additions and three sales, involving a transfer fee. The team's performance on the pitch is consistent with our existing financial estimates, therefore we make no changes to our forecasts. Our asset-backed sum-of-the-parts valuation is unchanged at €10.50 per share.

Year end	Revenue (€m)	EBITDA (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	EV/EBITDA (x)
06/21	334.2	39.0	24.3	0.26	0.0	13.7	10.5
06/22	351.6	80.8	63.2	0.63	0.0	5.7	5.0
06/23e	395.0	105.9	91.6	0.76	0.0	4.7	3.8
06/24e	420.5	120.2	105.9	0.88	0.0	4.1	3.4

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

Q123: Growth against an easy comparative

Borussia Dortmund's Q123 revenue, EBITDA and operating income grew y-o-y by 11% to €104m, 7% to €73m, and 15% to €48m, respectively. More Bundesliga home games (four versus three in Q122) with near sell-out crowds (average crowds of 25k in Q122) drove good growth in Match Operations and Conference, Catering and Miscellaneous revenues. The extension of existing/signing of new sponsorship partners continued the strong growth of Advertising revenue, +17% y-o-y. The slight (2%) decline in TV Marketing was attributable to less success on the pitch in the prior year ie no Super Cup appearance at the start of the current season and lower performance-related bonuses. The lower EBITDA margin reflects positive operational gearing on personnel expenses, depreciation and amortisation, and a higher absolute net transfer income than Q122, offset by higher relative other operating expenses. The period end net debt position increased to €8.6m (€6.6m end-FY22) as higher net investment in the squad led to a small free cash outflow in the period.

FY23: No changes to estimates

We make no changes to our estimates as, at this early stage in the season, the first team's performance appears in line with our assumptions. Most importantly, the club has qualified for the next stage, Round of 16, in the Champions League. However, we note that, at the date of writing, the team is placed sixth in the Bundesliga, albeit with just two points separating it from the fourth-placed team. There is no reference in the results release to any change in management's guidance for FY23.

Valuation: Attractively valued

Our asset-backed sum-of-the parts valuation is unchanged at €10.5/share. With an FY23e EV/sales multiple of 1.0x, we believe the share price continues to look very attractive versus its own long-term average multiple of 1.6x.

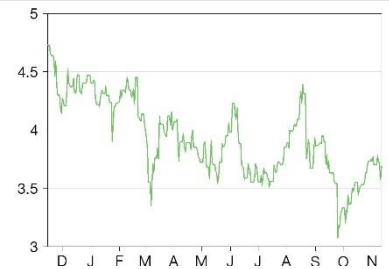
Travel and leisure

15 November 2022

Price €3.61
Market cap €399m

Net debt (€m) at 30 September 2022	8.6
Shares in issue	110.4m
Free float	62.6%
Code	BVB
Primary exchange	Frankfurt
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	2.3	(11.2)	(22.7)
Rel (local)	(11.1)	(14.5)	(13.1)
52-week high/low	€4.73	€3.07	

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 to play in the Champions League in nine of the last 10 seasons.

Next events

H123 results	February 2023
Q323 results	May 2023

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Exhibit 1: Financial summary

	€m	2020	2021	2022	2023e	2024e
30-June		IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT						
Revenue		370.2	334.2	351.6	395.0	420.5
Cost of Sales		(22.4)	(19.6)	(22.6)	(25.2)	(26.3)
Gross Profit		347.8	314.6	329.0	369.9	394.2
EBITDA		63.0	39.0	80.8	105.9	120.2
Operating profit (before amort. and excepts.)		49.1	25.3	67.4	92.2	106.3
Amortisation of acquired intangibles		(88.3)	(92.6)	(87.5)	(85.4)	(93.9)
Exceptionals		(3.9)	(4.8)	(9.1)	0.0	0.0
Reported operating profit		(43.1)	(72.1)	(29.2)	6.9	12.3
Net Interest		(3.4)	(1.1)	(4.2)	(0.6)	(0.3)
Joint ventures & associates (post tax)		(0.0)	0.1	0.1	0.0	0.0
Profit Before Tax (norm)		45.6	24.3	63.2	91.6	105.9
Profit Before Tax (reported)		(46.6)	(73.2)	(33.4)	6.2	12.0
Reported tax		2.6	0.3	(1.7)	0.0	0.0
Profit After Tax (norm)		43.0	24.2	66.4	84.3	97.5
Profit After Tax (reported)		(44.0)	(72.8)	(35.1)	6.2	12.0
Minority interests		0.0	0.0	0.0	0.0	0.0
Net income (normalised)		43.0	24.2	66.4	84.3	97.5
Net income (reported)		(44.0)	(72.8)	(35.1)	6.2	12.0
Average Number of Shares Outstanding (m)		92.0	92.0	105.4	110.4	110.4
EPS - normalised (c)		46.8	26.3	63.0	76.3	88.3
EPS - normalised fully diluted (c)		46.8	26.3	63.0	76.3	88.3
EPS - basic reported (€)		(0.48)	(0.79)	(0.33)	0.06	0.11
Dividend (€)		0.00	0.00	0.00	0.00	0.00
Revenue growth (%)		(0.0)	(9.7)	5.2	12.3	6.4
Gross Margin (%)		94.0	94.1	93.6	93.6	93.7
EBITDA Margin (%)		17.0	11.7	23.0	26.8	28.6
Normalised Operating Margin		13.2	7.6	19.2	23.3	25.3
BALANCE SHEET						
Fixed Assets		441.5	389.8	358.4	364.4	355.6
Intangible Assets		229.7	193.4	124.4	132.0	131.1
Tangible Assets		193.0	183.5	172.5	170.8	162.9
Investments & other		18.8	12.9	61.6	61.6	61.6
Current Assets		76.5	60.7	96.6	99.3	115.7
Stocks		6.8	6.8	4.4	4.4	4.4
Debtors		36.5	29.9	45.8	49.8	49.8
Cash & cash equivalents		3.3	1.7	10.6	9.3	25.7
Other		29.9	22.2	35.8	35.8	35.8
Current Liabilities		(122.6)	(163.6)	(130.6)	(133.1)	(133.1)
Creditors		(110.2)	(100.1)	(125.9)	(132.9)	(132.9)
Tax and social security		(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Short term borrowings		(8.0)	(56.9)	0.0	0.0	0.0
Finance leases		(4.4)	(4.2)	(4.6)	(0.1)	(0.1)
Other		0.0	(2.3)	0.0	0.0	0.0
Long Term Liabilities		(89.9)	(54.3)	(44.0)	(44.0)	(39.5)
Long term borrowings		0.0	0.0	0.0	0.0	0.0
Finance leases		(20.1)	(16.8)	(12.5)	(12.5)	(12.5)
Other long term liabilities		(69.9)	(37.5)	(31.4)	(31.4)	(26.9)
Net Assets		305.4	232.6	280.5	286.7	298.7
Minority interests		0.0	0.0	0.0	0.0	0.0
Shareholders' equity		305.4	232.6	280.5	286.7	298.7
CASH FLOW						
Operating Cash Flow		59.5	37.9	76.6	105.2	119.9
Working capital		(18.0)	(6.9)	16.3	(4.0)	0.0
Exceptional & other		(38.9)	(13.6)	(57.5)	(52.4)	(59.7)
Tax		0.3	0.0	0.0	0.0	0.0
Net operating cash flow		3.0	17.4	35.4	48.9	60.2
Capex		(6.1)	(3.4)	(1.7)	(12.0)	(6.0)
Net investment in intangibles		(44.6)	(58.6)	(49.4)	(33.0)	(33.0)
Acquisitions/disposals		0.0	0.0	0.0	0.0	0.0
Net interest		(3.3)	(1.4)	(0.3)	(0.6)	(0.3)
Equity financing		0.0	0.0	86.5	0.0	0.0
Dividends		(5.5)	0.0	0.0	0.0	0.0
Other		(3.9)	52.5	(61.6)	(4.5)	(4.5)
Net Cash Flow		(60.6)	6.4	8.8	(1.3)	16.4
Opening net debt/(cash)		(44.4)	29.1	76.2	6.6	3.4
Other non-cash movements		(12.9)	(53.6)	60.8	4.5	0.0
Closing net debt/(cash)		29.1	76.2	6.6	3.4	(13.0)

Source: Borussia Dortmund, Edison Investment Research

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