

# Borussia Dortmund

Q323 results

## Nail-biting finish to the 2022/23 season

**Borussia Dortmund's Q323 results demonstrate the ongoing recovery of its financial results against a COVID-affected comparative period, with year-on-year growth from all its revenue streams and higher profitability. With two games to play, the Bundesliga is finely balanced. Our asset-backed sum-of-the-parts valuation increases to €12/share from €11.3/share, highlighting the attractiveness of the current share price.**

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	17.2	12.9
06/22	351.6	80.8	63.2	0.63	0.0	7.1	6.2
06/23e	395.0	105.9	91.6	0.76	0.0	5.9	4.7
06/24e	420.5	120.2	105.9	0.88	0.0	5.1	4.2

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

### Q323: More games, continued post-COVID recovery

Borussia Dortmund's revenue grew by 57% y-o-y in Q323 to €100.8m, and EBITDA improved to a profit of €8.1m versus a loss of €5.9m in the comparative period. The key drivers of the improved financial performance were more Bundesliga games in the period (five Bundesliga games versus four in Q322), with greater attendance per game (full stadium versus COVID-related restrictions in Q322), better relative performance in European competitions and ongoing growth in sponsorship income. A greater number of games with better attendance led to significant year-on-year growth in match-related revenues: Match Operations +620%, and Conference and Catering +214%. The company's first quarterly free cash flow generation since Q122 enabled a reduction in the net debt position to €13.3m from €19.9m at end H122.

### FY23: All to play for

The results take the cumulative EBITDA and EBIT for the first nine months of the year to €109.7m and €31m, versus FY23 guidance issued at the time of the [FY22 results](#) of €101–106m and €2–7m, which was reiterated with the publication of the Q323 results. At the date of writing, with two games remaining in the domestic season, the first team is placed second in the Bundesliga – one point behind the leaders, having been top of the table in recent weeks. The maintained guidance reflects the company's typical seasonality; it makes a loss in the final quarter due to fewer games. If successful in the league, Borussia Dortmund would likely incur extra costs such as player bonuses, as well as greater prize money from sponsors.

### Valuation: Sum-of-the-parts increased by 6%

We have increased our sum-of-the-parts valuation for Borussia Dortmund to €12/share ([€11.3/share previously](#)) as we update for changes in squad valuations, the share price performance of its peer group and the company's financial results. Borussia Dortmund's attractive valuation was highlighted in our most recent [MediaWatch](#) report.

## Travel and leisure

17 May 2023

**Price** €4.48

**Market cap** €495m

Net debt (€m) at 31 March 2023 including IFRS 16 liabilities 13.3

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 8.7 4.5 23.0

Rel (local) 8.1 2.1 8.0

52-week high/low €4.56 €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

FY23 results August 2023

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**Borussia Dortmund is a research client of Edison Investment Research Limited**

**Exhibit 1: Financial summary**

	€m	2020	2021	2022	2023e	2024e
Year end 30 June		IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>						
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
<b>BALANCE SHEET</b>						
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
<b>CASH FLOW</b>						
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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