

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

19 May 2014

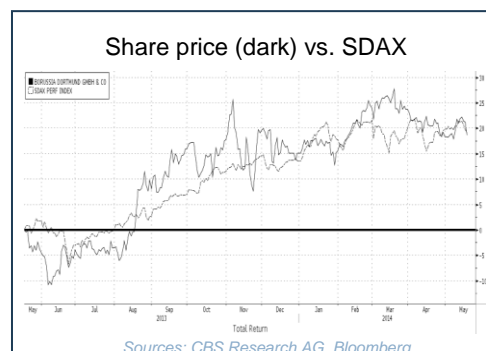
Unfortunate loss at DFB Cup Final

Financial figures in 9M in line for full year –PT at EUR 5.00

- 9M 2013/14:** End of last week Borussia Dortmund released its 9M 2013/2014 report. The overall figures are in line with our expectations and to achieve the full year estimates. Group revenues at EUR 193.0m came in higher than last year's EUR 181.6m. As already mentioned in our previous updates, this year's profitability is lower in a YoY comparison but still on a high level. In 9M 2013/2014 EBIT stood at EUR 13.1m after EUR 22.8m in 9M 2012/2013. After taxes and minorities net result amounted to EUR 8.2m (9M 2012/2013: EUR 16.2m). The translating EPS was at EUR 0.14 after EUR 0.27 a year earlier. **3Q key figures:** In 3Q the group achieved revenues of EUR 56.4m after EUR 55.7m in 3Q 2012/2013. Group EBIT of EUR 1.5m was slightly behind last year's EUR 3.8m and net result of EUR 0.1 was also lower than in 3Q 2012/2013 (EUR 2.0m).
- Season came to an end:** After the DFB Cup Final on Saturday the season for BVB ended. Overall the seasonal performance was once again very positive – in the National Championship rank 2 (qualified for Champions League), Runner-Up in DFB National Cup and reaching of the Quarter-Final of the Champions League (loss against Real Madrid; aggregated 2-3). While the outcome of the Bundesliga season and the success in the Champions League was well-deserved, the loss on Saturday against Bayern Munich was very unfortunate. Not only was BVB refused a regular goal in the 2nd leg but the team was also the better team. Nevertheless reaching the Cup Final is still a big success.
- Unchanged estimates:** Since our last update BVB managed to defend rank 2 in the Bundesliga till the season ended and unfortunately lost in the Cup Final. With regards to our previous estimates, we do not see the need to make any changes. We still expect group revenues to come in at EUR 244.7m. Group EBITDA should amount to EUR 52.8m and EBIT is forecasted to be at EUR 21.5m for 2013/2014. After all, net income should come in at EUR 14.5m, translating into an EPS of EUR 0.24. For FY14/15E we still forecast revenues of EUR 256.1m with an EBITDA of EUR 61.4m. EPS should translate into EUR 0.31.
- PT at EUR 5.00:** As the season is now over and in a few weeks the World Cup will start we do not expect big news until after the World Cup. We therefore stick to our Buy recommendation with an unchanged PT of EUR 5.00.

Y/E 30 June, EURm	10/11	11/12	12/13	13/14E	14/15E	15/16E
Sales	151.5	215.2	305.0	244.7	256.1	272.9
EBITDA	32.4	60.0	87.5	52.8	61.4	71.2
EBIT (reported)	14.9	41.4	65.1	21.5	27.4	33.5
Net income/loss	5.3	27.4	50.8	14.5	19.0	23.1
EPS	0.09	0.45	0.83	0.24	0.31	0.38
EBITDA margin	21.4%	27.9%	28.7%	21.6%	24.0%	26.1%
EBIT margin	9.8%	19.2%	21.3%	8.8%	10.7%	12.3%
Net margin	3.5%	12.7%	16.7%	5.9%	7.4%	8.5%
EV/EBITDA	8.6	4.7	3.2	5.3	4.6	3.9
EV/EBIT	18.8	6.8	4.3	13.0	10.2	8.4
P/E	44.6	8.6	4.7	16.4	12.5	10.2

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



Change	13/14E		14/15E		15/16E	
	new	old	new	old	new	old
Revenues	-	244.7	-	256.1	-	272.9
EBITDA	-	52.8	-	61.4	-	71.2
EPS	-	0.24	-	0.31	-	0.38

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

Sector: Entertainment
ISIN: DE0005493092
Bloomberg: BVB GY

Short company profile:

Borussia Dortmund GmbH & Co. KGaA (henceforth Borussia Dortmund, BVB) is one of the most successful companies in European professional football and one of the few clubs listed on a stock exchange (and the only listed club in Germany).

Share data:

Share price (last closing price):	EUR 3.86
Shares outstanding (m):	61.4
Market capitalisation (EURm):	237.1
Enterprise value (EURm):	280.1
Ø daily trading volume (3 m., no. of shares):	127,694

Performance data:

High 52 weeks:	EUR 4.03
Low 52 weeks:	EUR 2.88
Absolute performance (12 months):	18.9%
Relative performance (vs. SDAX):	
1 month	-3.0%
3 months	2.9%
6 months	-6.3%
12 months	-8.2%

Shareholders (preferred shares):

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

Financial calendar:

13/14 report	August 2014
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Appendix

Profit and loss account

	IFRS	EURm	10/11	11/12	12/13	13/14E	14/15E	15/16E
Sales			151.48	215.24	305.03	244.70	256.11	272.85
YoY growth			-	42.1%	41.7%	-19.8%	4.7%	6.5%
Cost of materials			-7.66	-12.48	-17.49	-14.68	-15.37	-16.37
as % of sales			-5.1%	-5.8%	-5.7%	-6.0%	-6.0%	-6.0%
Personnel costs			-61.54	-79.92	-106.22	-102.78	-102.44	-103.68
as % of sales			-40.6%	-37.1%	-34.8%	-42.0%	-40.0%	-38.0%
Other operating income			4.31	7.63	2.79	4.00	2.50	3.00
as % of sales			2.8%	5.0%	1.8%	2.6%	1.7%	2.0%
Other operating expenses			-54.14	-70.49	-96.58	-78.45	-79.39	-84.58
as % of sales			-35.7%	-32.7%	-31.7%	-32.1%	-31.0%	-31.0%
EBITDA			32.44	59.98	87.53	52.80	61.40	71.21
as % of sales			21.4%	27.9%	28.7%	21.6%	24.0%	26.1%
Depreciation and amortisation (incl. PPA depreciation)			-17.53	-18.59	-22.41	-31.33	-33.97	-37.74
as % of sales			-11.6%	-8.6%	-7.3%	-12.8%	-13.3%	-13.8%
EBIT (reported)			14.91	41.39	65.12	21.47	27.43	33.48
as % of sales			9.8%	19.2%	21.3%	8.8%	10.7%	12.3%
Net financial results			-5.44	-4.86	-5.07	-2.59	-2.60	-2.43
EBT (Earnings before income taxes)			9.50	36.59	60.04	18.88	24.83	31.05
as % of sales			6.3%	17.0%	19.7%	7.7%	9.7%	11.4%
Income taxes (incl. other taxes)			-4.10	-9.06	-8.84	-4.18	-5.56	-7.55
as % of EBT			-43.1%	-24.8%	-14.7%	-22.1%	-22.4%	-24.3%
Net income			5.40	27.53	51.19	14.71	19.27	23.49
Minorities			0.09	-0.12	-0.37	-0.25	-0.30	-0.35
Net income attributable to shareholders			5.31	27.41	50.82	14.46	18.97	23.14
as % of sales			3.5%	12.7%	16.7%	5.9%	7.4%	8.5%
Shares outstanding (in m)			61.4	61.4	61.4	61.4	61.4	61.4
Basic earnings per share (EUR)			0.09	0.45	0.83	0.24	0.31	0.38

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

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

HOLD: The expected performance of the share price is between 0% and +10%.

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This rating system is only a guideline. Therefore, deviations from this system may apply.

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
02 October 2013	BUY	EUR 3.76	EUR 5.00

13 December 2013	BUY	EUR 3.74	EUR 5.00
16 April 2014	BUY	EUR 3.82	EUR 5.00
19 May 2014	BUY	EUR 3.86	EUR 5.00

Risk-scaling System:

CBSR uses a 3-level risk-scaling system. The ratings pertain to a time horizon of up to 12 months:

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MEDIUM: The volatility is expected to be equal to the volatility of the benchmark

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