



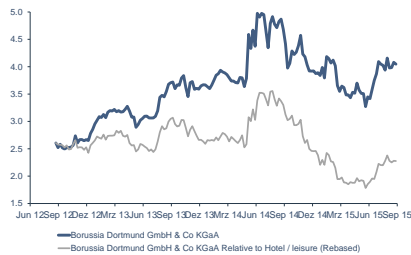
Borussia Dortmund GmbH & Co KGaA

Buy → | Target 5.00 EUR

Price : 4.05 EUR | Upside : 24 %

Guidance for 2015-16 fits our estimates

Monday 28 September 2015



Capital			
BVB GY BVB.DE			
Market Cap (EURm)			372
Enterprise value (EURm)			335
Extrema 12 months	3.21	-	4.68
Free Float (%)			60.5
Performance (%)			
	1m	3m	12m
Absolute	-0.6	19.2	-10.5
Perf. rel. "sector"	1.5	35.3	-12.5
Perf. rel. Hotel / leisure	-3.9	25.0	-28.8
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)	116.7	42.5	41.5
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)	1.19	1.11	1.15
EV/EBITDA (x)	6.2	5.0	5.2
EV/Current EBIT (x)	69.4	28.1	28.8
Gearing (%)	-13	-12	ns
Net Debt/EBITDA(x)	ns	ns	ns

Next Events	
13.11.2015	Q1 Results
23.11.2015	AGM

Annual report confirms preliminary figures

On Friday (25 September) Borussia Dortmund (BVB) released its annual report, confirming the preliminary figures published on 21 August. Group revenues totalled € 276.0m (+5.9% yoy); revenues, excluding transfers, stood at € 263.6m, up 2.9% yoy. Group EBITDA came in at € 55.6m and EBIT at € 13.2m. Net profit was € 5.5m, corresponding to EPS of € 0.06.

Guidance for 2015-16 in line with expectations

Although it is very difficult for management to assess the full-year performance, its guidance nevertheless can be considered reliable. For 2015-16 the company guides as follows: i) revenues of at least € 265m, € 11m below the 2014-15 level due to non-participation in the UEFA Champions League (lower TV advertising income); ii) EBIT in the lower single-digit €m range; iii) D&A of € 48m, hence, EBITDA of ~€ 50m; iv) net income in the lower single-digit €m range.

Overall, the company's guidance is in line with our earnings estimates, i.e. EBITDA of € 51.2m, EBIT of € 2.4m and net income of € 1.5m. We are more bullish than the company on the top line with € 279m (excl. transfers). While we feel fine with our estimates, we have updated our model to reflect the transfers made since our last update: i) Kampl was sold to Bayer Leverkusen for € 11m (of which € 1m is performance-related, resulting in an est'd book profit after other expenses of € 0.1m; Großkreutz was sold to Galatasaray Istanbul for an assumed € 1.5m, book profit of € 1.3m; Blaszczykowski was loaned to AC Fiorentina for a loan-fee of € 1m). In total, we have now included positive transfer income of € 2.4m. Hence, our revenue forecast rises to € 281.8m. Since this revenue increase is earnings accretive, our EBITDA estimate rises to € 53.6m, our EBIT to € 4.8m and our net income to € 3.2m.

Review of the current season

BVB's start into the 2015-16 season has been far better than expected. Here a summary of this season so far:

Bundesliga: After 7 matches, BVB is ranked 2nd with 17 points: 4 points behind leader FC Bayern Munich; 1 points ahead of 'arch enemy' FC Schalke 04. If it maintains its current position until the end of the season, BVB will directly qualify for UEFA Champions League. Upcoming match: Bayern Munich on 4 October (away).

DFB Cup: Qualified for 2nd round; next match on 28 October against SC Paderborn (home).

UEFA Europa League: BVB won its first match of the group stage (group C) against FK Krasnodar 2-1; next match is on 1 October against PAOK Thessaloniki (away).

BUY reiterated; PT remains at € 5.00;

All looks well at BVB – except the stock. Although the share rose over the summer (as usual), the stock has now lost all momentum. While we understand that the current environment is resulting in volatile markets, especially for small caps, there is no good fundamental reason for the stock's lacklustre performance. Despite failing to qualify for the Champions League, BVB nonetheless has strong growth prospects. We expect the company to achieve top line growth even if the club "only" qualifies for the Europa League. Hence, as soon as the market turbulence calms down, we expect the stock to regain its momentum. For the mid-term we see a FVpS of € 7.25. We therefore leave our 12M PT unchanged at € 5.00 (EV/EBITDA of 6x for 2017/2018e) and reiterate our BUY recommendation.

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BVB.DE | BVB GY
Leisure | Germany

	Buy				Price	4.05EUR		
	Upside	23.55%			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
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	4.05	4.05	4.05
Capitalization	133	140	172	225	378	372	372	372
Restated Net debt	59.6	43.3	34.2	24.8	-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	335	337	372
P/E (x)	25.0	5.1	3.4	19.3	68.3	117	42.5	41.5
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	1.29	1.27	ns
P/B excl. GW (x)	1.97	1.50	1.23	1.55	1.32	1.29	1.27	ns
EV/Sales (x)	1.27	0.85	0.68	0.96	1.18	1.19	1.11	1.15
EV/EBITDA (x)	5.9	3.0	2.4	5.1	5.9	6.2	5.0	5.2
EV/EBIT (x)	12.9	4.4	3.2	13.5	24.8	69.4	28.1	28.8
(*) historical average price								
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	32.4	60.0	87.5	49.1	55.6	53.6	66.9	71.7
Depreciations	-17.5	-18.6	-22.4	-30.7	-42.4	-48.8	-55.0	-58.8
Current EBIT	14.9	41.4	65.1	18.5	13.2	4.8	12.0	12.9
Published EBIT	14.9	41.4	65.1	18.5	13.2	4.8	12.0	12.9
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	27.4	50.8	11.7	5.5	3.2	8.8	9.0
Adjusted attributable net profit	5.3	27.4	50.8	11.7	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	18.4	25.7	28.4	61.6	96.3	118	127	0.0
Tangible fixed assets	171	183	178	185	190	184	180	0.0
WCR	2.1	2.2	43.7	-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	67.3	93.1	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	67.6	93.5	141	145	286	289	293	0.0
Non-current provisions	71.5	75.9	81.1	65.9	53.3	53.7	53.9	0.0
Net debt	59.6	43.3	34.2	24.8	-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	4.05
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

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