

Borussia Dortmund

Q321 results

Nice finish

Borussia Dortmund's Q321 results reflected ongoing cost control, while COVID continued to affect attendance-related revenues. The team's late surge to finish third in the Bundesliga, and more silverware by winning the DFB-Pokal ensured a pleasing end to a challenging year. We increase our FY22 EBITDA forecast by 33% to reflect a more positive outlook for attendance at matches given the roll-out of COVID vaccines. There will be much speculation about the futures of a number of key players during the summer transfer window, but the improving financial outlook means the company can remain firm on player valuations, with a number of open managerial roles at the major European teams following 'poor' seasons.

Year end	Revenue (€m)	EBITDA (€m)	PBT* (€m)	EPS* (€)	P/E (x)	EV/EBITDA (x)
06/19	370.3	116.0	101.5	0.88	6.9	5.6
06/20	370.2	63.0	45.6	0.47	12.9	10.3
06/21e	335.2	32.3	16.1	0.18	34.5	20.1
06/22e	369.9	80.8	63.9	0.62	9.7	8.0

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

Q321: Flat revenue and operating costs

In Q321, Borussia Dortmund's revenue (excluding net transfer income) of €80.0m and total operating expenses (excluding materials) of €101.9m were broadly flat year-on-year, leading to unsurprising lower net transfer income (€22.5m less than Q320) dropping straight through to lower EBITDA (Q321 €7.9m versus €28.6m in Q320). Higher TV marketing revenue y-o-y offset lower attendance-related revenues, and on the cost side higher personnel expenses were offset by lower other expenses. The €19.9m y-o-y decline in net income to a loss of €18.8m, was lower than the EBITDA decline as a result of more favourable tax and financial expenses. The net debt position of €52.2m for the first nine months of FY21 (9M21) was modestly ahead of the H121 position €50.9m.

FY22: Looking forward to the return of fans

Subsequent to the results release, management finessed its financial guidance for FY21, incorporating unbudgeted success in the DFB-Pokal and better performance (quarter finalists) in the Champions League versus FY20 (Round of 16). Guidance is for EBITDA of €33m (€25–30m previously) and a net loss of €75m (€70–75m previously). We trim our FY21 EBITDA forecast to be consistent with the guidance and increase FY22 EBITDA by 33% to incorporate the phased return of fans to the stadium, given the success of the vaccine roll-out. We assume c 70% attendance through the season (less than 50% capacity in H122 and 100% capacity in H22).

Valuation: Asset-backed valuation upside of 118%

The share price has been strong, reflecting improved on-the-pitch performance, as well as a more optimistic outlook for attendance at games. Our asset-based valuation increases by c 1% to €13.2, reflecting recent changes in peer valuations and the valuation of the squad (€576.1m, source: Transfermarkt.com), as well as updates for the company's net debt and other assets.

Travel & leisure

1 June 2021

Price **€6.04**

Market cap **€556m**

€£0.86

Net debt (€m) at 31 March 2021 52.2

Shares in issue 92.0m

Free float 59.9

Code BVB

Primary exchange Frankfurt

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 3.1 9.9 (4.1)

Rel (local) 1.2 (1.8) (28.0)

52-week high/low €6.81 €4.21

Business description

The group operates Borussia Dortmund, a leading football club, placed third in the Bundesliga in 2020/21, 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

FY21 results August 2021

Q122 results November 2021

H122 results February 2022

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Exhibit 1: Financial summary

	€'k	2019	2020	2021e	2022e
30-June		IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT					
Revenue		370,256	370,196	335,238	369,931
Cost of Sales		(21,273)	(22,392)	(20,000)	(21,000)
Gross Profit		348,983	347,804	315,238	348,931
EBITDA		115,983	62,992	32,276	80,753
Normalised operating profit		103,160	49,050	17,981	66,278
Amortisation of acquired intangibles		(65,850)	(88,285)	(90,655)	(94,904)
Exceptionals		(13,809)	(3,903)	0	0
Reported operating profit		23,501	(43,138)	(72,673)	(28,626)
Net Interest		(1,705)	(3,444)	(1,879)	(2,419)
Joint ventures & associates (post tax)		13	(1)	0	0
Profit Before Tax (norm)		101,468	45,605	16,102	63,859
Profit Before Tax (reported)		21,809	(46,583)	(74,553)	(31,045)
Reported tax		(4,418)	2,630	0	(6,386)
Profit After Tax (norm)		80,913	43,030	16,102	57,473
Profit After Tax (reported)		17,391	(43,953)	(74,553)	(37,431)
Minority interests		0	0	0	0
Net income (normalised)		80,913	43,030	16,102	57,473
Net income (reported)		17,391	(43,953)	(74,553)	(37,431)
Average number of shares outstanding (m)		92.0	92.0	92.0	92.0
EPS - normalised (c)		87.95	46.77	17.50	62.47
EPS - diluted normalised (€)		0.88	0.47	0.18	0.62
EPS - basic reported (€)		0.19	(0.48)	(0.81)	(0.41)
Dividend (€)		0.06	0.00	0.00	0.00
Revenue growth (%)		18.2	(0.0)	(9.4)	10.3
Gross Margin (%)		94.3	94.0	94.0	94.3
EBITDA Margin (%)		31.3	17.0	9.6	21.8
Normalised Operating Margin		27.9	13.2	5.4	17.9
BALANCE SHEET					
Fixed Assets		371,715	441,455	394,506	346,126
Intangible Assets		163,710	229,667	194,012	154,108
Tangible Assets		184,001	193,037	181,742	173,267
Investments & other		24,004	18,751	18,751	18,751
Current Assets		128,356	76,512	67,050	72,262
Stocks		4,569	6,754	4,057	5,847
Debtors		30,061	36,520	33,071	36,494
Cash & cash equivalents		55,865	3,317	0	0
Other		37,861	29,921	29,921	29,921
Current Liabilities		(125,388)	(122,609)	(140,750)	(135,014)
Creditors		(119,779)	(110,188)	(86,173)	(86,889)
Tax and social security		(811)	(40)	(40)	(40)
Short term borrowings		0	(8,031)	(50,187)	(43,735)
Finance leases		(3,127)	(4,350)	(4,350)	(4,350)
Other		(1,671)	0	0	0
Long Term Liabilities		(19,764)	(89,911)	(89,911)	(89,911)
Long term borrowings		0	0	0	0
Finance leases		(8,381)	(20,054)	(20,054)	(20,054)
Other long term liabilities		(11,383)	(69,857)	(69,857)	(69,857)
Net Assets		354,919	305,447	230,894	193,463
Minority interests		0	0	0	0
Shareholders' equity		354,919	305,447	230,894	193,463
CASH FLOW					
Op Cash Flow before WC and tax		111,914	59,547	30,397	78,334
Working capital		5,673	(18,011)	(17,870)	(4,496)
Exceptional & other		(84,587)	(38,877)	(8,121)	(47,581)
Tax		(2,834)	305	0	(6,386)
Operating cash flow		30,166	2,964	4,406	19,872
Capex		(9,872)	(6,143)	(3,000)	(6,000)
Net investment in intangibles		(13,643)	(44,646)	(45,000)	(5,000)
Acquisitions/disposals		0	0	0	0
Net interest		(1,456)	(3,326)	(1,879)	(2,419)
Equity financing		0	0	0	0
Dividends		(5,519)	(5,519)	0	0
Other		(3,275)	4,122	43,000	(7,000)
Net Cash Flow		(3,599)	(52,548)	(2,473)	(548)
Opening net debt/(cash)		(50,769)	(44,357)	29,118	74,591
Other non-cash movements		(2,813)	(20,927)	(43,000)	7,001
Closing net debt/(cash)		(44,357)	29,118	74,591	68,138

Source: Company data, Edison Investment Research

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