

Borussia Dortmund

Q222 results

A brief revival before more restrictions

Borussia Dortmund's Q222 results were affected by the imposition of new COVID-related restrictions towards the end of the period. Following the period end, the team was eliminated from the Europa League, having failed to qualify for the Champions League knockout stages before Christmas. Against this backdrop, the small downgrade in management guidance for FY22 profitability is testimony to the tight management of costs. The team is currently (comfortably) placed second in the Bundesliga so all will be looking forward to a more successful and profitable FY23. Our sum-of-the-parts valuation reduces to €11 per share.

Year end	Revenue (€m)	EBITDA (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	EV/EBITDA (x)
06/20	370.2	63.0	45.6	0.47	0.00	8.7	7.0
06/21	334.2	39.0	24.3	0.26	0.00	15.5	11.4
06/22e	350.4	81.5	65.8	0.57	0.00	7.1	5.4
06/23e	389.0	106.5	91.5	0.76	0.00	5.3	4.2

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

Q222: More games and Omicron restrictions

Q222's year-on-year revenue decline of 2% includes growth for Match Operations, Advertising & Catering, and declines for TV Marketing and Merchandising. There were more competitive games in Q221 with more fans in aggregate than Q220, albeit the number of fans in attendance at individual games in both periods was affected by COVID-related restrictions. Higher advertising from new sponsorships was further testimony to the increasing appeal of the brand. Following a significant transfer window (Q122) with the headline-making sale of Sancho, activity was more muted as is typical. The c 12% y-o-y decline in EBITDA to €32.0m is mainly attributable to higher other operating expenses (matchday staff, performance-related bonuses, advertising expense, etc).

FY22: Management guidance reduced modestly

Management reduced its guidance for FY22, to a net loss of €17–24m (prior guidance: net loss of €12–17m) implies a, H222 net loss of at least €54.5m, greater than H221's €46.6m. The lower profit primarily reflects the absence of later-stage European competition revenue and continuing restrictions on fan attendance into Q322, with some offsetting operating cost savings including lower player contract amortisation. Our forecasts are reduced to bring them in line with management's new guidance.

Valuation: Asset-backed valuation of €11/share

Our asset-backed sum-of-the-parts valuation, adjusting for recent changes in peer group share prices and the company's updated H122 balance sheet following the equity raise in October 2021, reduces to €11 per share, a reduction of 5% since our [last update](#) of €11.56 per share. The EV/Sales multiple for FY22e of 1.3x is at a discount to the long-term average (2005–21) of 1.6x. We see good potential for upside to the share price in the absence of disruption to revenue generation from further potential COVID-related disruptions.

Travel & leisure

5 April 2022

Price €4.07

Market cap €449m

Net cash (€m) at 31 December 2021 5.9

Shares in issue 110.4m

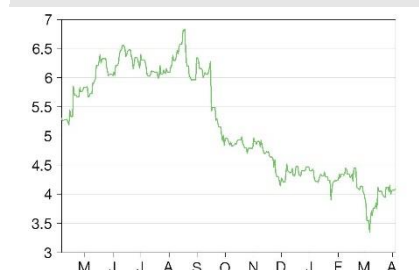
Free float 72.3%

Code BVB

Primary exchange Frankfurt

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 15.4 (7.5) (23.1)

Rel (local) 4.1 2.9 (20.0)

52-week high/low €6.64 €3.35

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

Q322 results 12 May 2022

FY22 results August 2022

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research client of Edison
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Exhibit 1: Financial summary

	€m	2019	2020	2021	2022e	2023e
30-June		IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT						
Revenue		370.3	370.2	334.2	350.4	389.0
Cost of Sales		(21.3)	(22.4)	(19.6)	(20.6)	(21.6)
Gross Profit		349.0	347.8	314.6	329.9	367.4
EBITDA		116.0	63.0	39.0	81.5	106.5
Normalised operating profit		103.2	49.1	25.3	67.7	92.5
Amortisation of acquired intangibles		(65.9)	(88.3)	(92.6)	(89.8)	(97.3)
Exceptionals		(13.8)	(3.9)	(4.8)	0.0	0.0
Reported operating profit		23.5	(43.1)	(72.1)	(22.1)	(4.8)
Net Interest		(1.7)	(3.4)	(1.1)	(1.9)	(1.0)
Joint ventures & associates (post tax)		0.0	(0.0)	0.1	0.0	0.0
Profit Before Tax (norm)		101.5	45.6	24.3	65.8	91.5
Profit Before Tax (reported)		21.8	(46.6)	(73.2)	(24.0)	(5.8)
Reported tax		(4.4)	2.6	0.3	0.0	0.0
Profit After Tax (norm)		80.9	43.0	24.2	60.5	84.2
Profit After Tax (reported)		17.4	(44.0)	(72.8)	(24.0)	(5.8)
Minority interests		0.0	0.0	0.0	0.0	0.0
Net income (normalised)		80.9	43.0	24.2	60.5	84.2
Net income (reported)		17.4	(44.0)	(72.8)	(24.0)	(5.8)
Average number of shares outstanding (m)		92.0	92.0	92.0	105.4	110.4
EPS - normalised (c)		87.9	46.8	26.3	57.4	76.2
EPS - diluted normalised (€)		0.88	0.47	0.26	0.57	0.76
EPS - basic reported (€)		0.19	(0.48)	(0.79)	(0.23)	(0.05)
Dividend (€)		0.06	0.00	0.00	0.00	0.00
Revenue growth (%)		18.2	(0.0)	(9.7)	4.9	11.0
Gross Margin (%)		94.3	94.0	94.1	94.1	94.4
EBITDA Margin (%)		31.3	17.0	11.7	23.3	27.4
Normalised Operating Margin		27.9	13.2	7.6	19.3	23.8
BALANCE SHEET						
Fixed Assets		371.7	441.5	389.8	355.6	313.5
Intangible Assets		163.7	229.7	193.4	167.0	133.0
Tangible Assets		184.0	193.0	183.5	175.7	167.7
Investments & other		24.0	18.8	12.9	12.9	12.9
Current Assets		128.4	76.5	60.7	78.8	115.9
Stocks		4.6	6.8	6.8	10.5	11.2
Debtors		30.1	36.5	29.9	31.4	34.8
Cash & cash equivalents		55.9	3.3	1.7	14.7	47.6
Other		37.9	29.9	22.2	22.2	22.2
Current Liabilities		(125.4)	(122.6)	(163.6)	(88.5)	(89.5)
Creditors		(119.8)	(110.2)	(100.1)	(84.1)	(85.0)
Tax and social security		(0.8)	(0.0)	(0.0)	(0.0)	(0.0)
Short term borrowings		0.0	(8.0)	(56.9)	0.0	0.0
Finance leases		(3.1)	(4.4)	(4.2)	(2.1)	(2.1)
Other		(1.7)	0.0	(2.3)	(2.3)	(2.3)
Long Term Liabilities		(19.8)	(89.9)	(54.3)	(54.3)	(54.3)
Long term borrowings		0.0	0.0	0.0	0.0	0.0
Finance leases		(8.4)	(20.1)	(16.8)	(16.8)	(16.8)
Other long-term liabilities		(11.4)	(69.9)	(37.5)	(37.5)	(37.5)
Net Assets		354.9	305.4	232.6	291.6	285.7
Minority interests		0.0	0.0	0.0	0.0	0.0
Shareholders' equity		354.9	305.4	232.6	291.6	285.7
CASH FLOW						
Op Cash Flow before WC and tax		111.9	59.5	37.9	79.6	105.5
Working capital		5.7	(18.0)	(6.9)	(21.2)	(3.3)
Exceptional & other		(84.6)	(38.9)	(13.6)	(58.1)	(59.0)
Tax		(2.8)	0.3	0.0	0.0	0.0
Operating cash flow		30.2	3.0	17.4	0.3	43.3
Capex		(9.9)	(6.1)	(3.4)	(6.0)	(6.0)
Net investment in intangibles		(13.6)	(44.6)	(58.6)	(3.3)	(3.3)
Acquisitions/disposals		0.0	0.0	0.0	0.0	0.0
Net interest		(1.5)	(3.3)	(1.4)	(1.9)	(1.0)
Equity financing		0.0	0.0	0.0	82.9	0.0
Dividends		(5.5)	(5.5)	0.0	0.0	0.0
Other		(3.3)	(3.9)	52.5	(59.0)	0.0
Net Cash Flow		(3.6)	(60.6)	6.4	13.0	32.9
Opening net debt/(cash)		(50.8)	(44.4)	29.1	76.2	6.4
Other non-cash movements		(2.8)	(12.9)	(53.6)	56.9	0.0
Closing net debt/(cash)		(44.4)	29.1	76.2	6.4	(26.6)

Source: Borussia Dortmund, Edison Investment Research

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