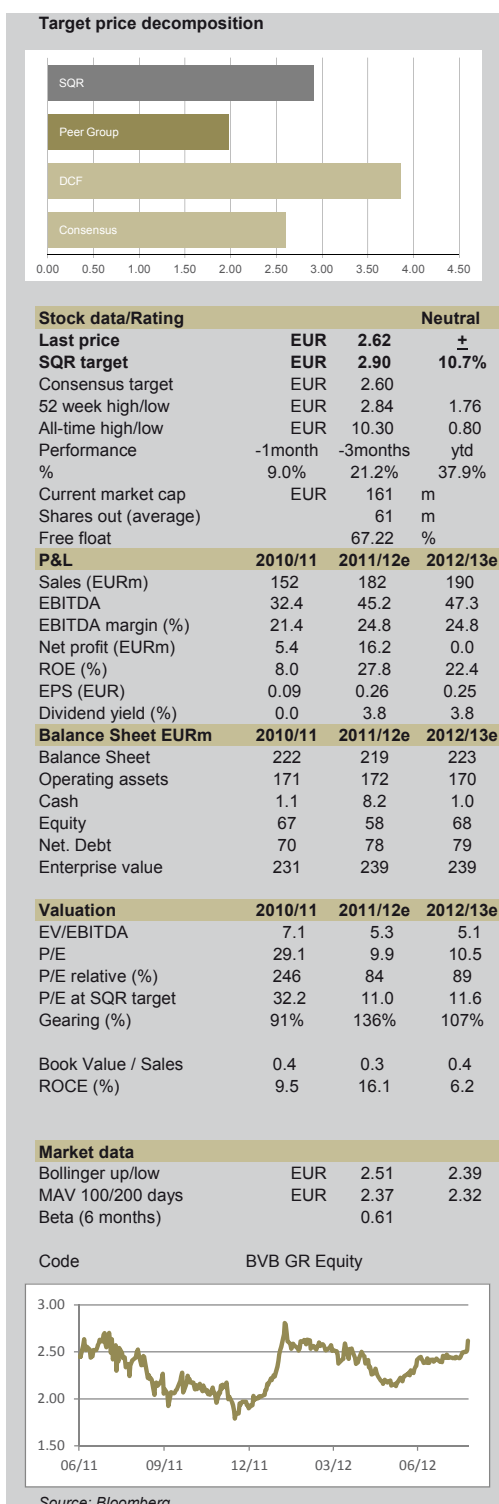




# Borussia Dortmund

# Consumer & Retail



NEUTRAL,

PT EUR2.90, upside 11%

Excellent preliminary figures top our cautious estimates by far as Borussia Dortmund wins the German Championship as well as the German Cup Final for the first time in club history!

**Facts:** Borussia Dortmund yesterday released its preliminary figures for fiscal year 2011/12. Group sales increased by 42.0% to EUR215.2m (2010/11: EUR151.5m). Sales growth was mainly driven by TV revenues (+88.1% to EUR60.4; 2010/11: EUR32.1m) and transfer revenues (Barrios & Kagawa +200% to EUR26.1; 2010/11: EUR13.0). All segments benefited from reaching the group stage of the UEFA Champions League and the German Cup Final in Berlin. Match operations (ticketing sales) increased by 13.4% to EUR31.4m (2010/11: EUR27.7m). Advertising revenues grew by 15.6% to EUR57.8m (2010/11: EUR50.0m). Catering, licensing and other sales increased by 20% to EUR17.5m (2010/11: EUR14.6m). Group operating profit (EBITDA) soared by 85.2% to EUR60.0m (2010/11: EUR32.4m). EBIT nearly tripled to EUR41.4m (2010/11: EUR14.9m) as depreciation (ground) remained stable. Net earnings quintupled to EUR27.5m (2010/11: EUR5.4m) or an EPS equivalent of EUR0.45 (2010/11: EUR0.09) due to a better financial result.

**Assessment:** The published results can only be described as outstanding. Borussia Dortmund showed in a impressive manner that it has learned to combine a solid financial framework with an excellent performance on the pitch. It is also seen positive that management confirmed a dividend payment. Thus we stick to our dividend estimate of EUR0.10 per share. Given the uncertainties of football business management only gave a rough guidance for financial year 2012/13. Internal planning is based the team securing 60 points (2011/12: 81). Goal for the Bundesliga is to reach rank one to four which qualifies for Germany's UEFA Champions League spots (rank 1-3 group stage, rank 4 play off game).

**Conclusion:** We will have a look on our model and will upgrade our estimates reflecting a Champions League participation also in the 2013/14 season. The share currently trades at a PER of 10.5 (2012/13e) and an EV/EBITDA of 7.2 while its peers trade at a PER of 10.2 (2013e) and an EV/EBITDA of 7.7 (2013e).

**Action:** Given the very unpredictable and cyclical character of football companies we confirm our Neutral rating with an unchanged price target of EUR2.90 for the Borussia share for the time being.

Klaus Kränzle, [kraenzle@silviaquandt.de](mailto:kraenzle@silviaquandt.de), +49-69-95 92 90 93 195  
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Author of the present financial analysis: Klaus Kraenzle, Senior Analyst consumer & retail

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#### 2.2.1. Sources of information:

Essential sources of information for the preparation of this document are publications in interior and foreign media like information services (e.g., Reuters, VWD, Bloomberg, dpa-AFX, among others), business press (e.g., "Börsenzeitung" (financial paper), "Handelsblatt", "Frankfurter Allgemeine Zeitung", Financial Times, among others), specialized press, published statistics, rating agencies as well as publications of the analysed issuers.

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4. The aforementioned persons and/or enterprises hold in respect of the financial instruments, which or the issuer of which are subjected to the financial analysis, a net short (short position) of at least 1 percent of the share capital of the issuer.
5. The aforementioned persons and/or enterprises supervise financial instruments, which or the issuer of which are subjected to the financial analysis, in a market by placing purchase or selling orders (Market Making/ Designated Sponsoring).
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