

# Borussia Dortmund GmbH & Co KGaA

Others - Germany



**Buy** (old: Buy)

19.10.2023

**EUR 5.50** (old: EUR 5.50)

## Alleged Ratcliffe/United deal supports upside potential, chg.

**Topic:** In November 2022, **Manchester United** announced that the Glazer family, which owns 96% of voting rights in the club, is exploring options to sell their stake. Now, according to a Reuters article the **Glazers are set to accept a bid made by Ineos founder and Chairman Sir Jim Ratcliffe**. Ratcliffe would reportedly pay around \$ 1.6bn for a 25% stake in the club, valuing its equity at almost \$ 6.5bn. **The implied valuation of 8.4x EV/Sales '24e marks a significant upside to the current valuation (4.3x EV/Sales '24e).**

**Positive x-read for BVB:** In our view, this once more underpins the fact that the **current valuation of only 0.9x EV/Sales '24e** should be considered undemanding. Taking into account the historic discount compared to Manchester United of 80%, which should be considered justified due to United's much higher brand recognition as well as voting right restrictions for investors of BVB in connection with the 50+1 rule, as well as the offer by Sir Ratcliffe, this leaves us with an **implied equity valuation of € 6.40 per share for BVB**, hence supporting our DCF valuation.

**A brief look at the sport:** The team's performance this season can truly be described as a double-edged sword. On the one hand, the team is performing well in domestic competitions, as they advanced to the 2<sup>nd</sup> round of the cup and won 5 out of the first 7 league games, handing them 4<sup>th</sup> place while only being 2 points behind frontrunners Leverkusen. On the other hand, BVB was unlucky in their UCL draw, as they are facing PSG, Milan and Newcastle in the group stage. Having started with a loss and a draw it appears like a tough challenge to advance to the next round, in our view.

Importantly, based on the recent performance in the Bundesliga, we regard the club's chances for a Top-4 finish as high. This will be more important than ever this season, as **UEFA will introduce a new UCL format starting next season which will increase the overall TV money by 33%.**

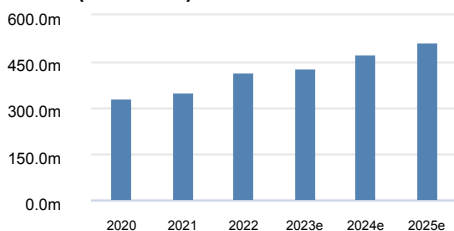
As outlined above, valuation continues to look undemanding, also compared to peers like Juventus (2.0x EV/Sales) or Olympique Lyon (2.3x), two clubs that do not participate in an European competition this season and OL sitting second to last in Ligue 1.

**BUY** with an unchanged **PT of € 5.50** based on DCF.

Y/E 30.06 (EUR m)	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Sales	334.2	351.6	418.2	431.0	477.2	513.1
Sales growth	-9.7%	5.2%	18.9%	3.0%	10.7%	7.5%
EBITDA	38.9	80.8	123.2	155.4	145.5	164.2
Net debt (if net cash=0)	76.2	6.6	67.5	34.6	17.3	3.4
FCF	-46.1	-16.1	-22.3	39.5	23.9	20.5
Net Debt/EBITDA	2.0	0.1	0.5	0.2	0.1	0.0
EPS pro forma	-0.66	-0.32	0.09	0.31	0.16	0.23
EBITDA margin	11.7%	23.0%	29.5%	36.1%	30.5%	32.0%
ROCE	-22.2%	-9.6%	5.2%	10.6%	6.8%	9.6%
EV/sales	2.1	1.2	1.1	1.0	0.9	0.8
EV/EBITDA	17.8	5.0	3.8	2.8	2.9	2.5
PER	-5.5	-11.4	41.8	11.8	23.0	15.5
Adjusted FCF yield	-10.4%	-7.6%	3.4%	8.3%	4.6%	6.9%

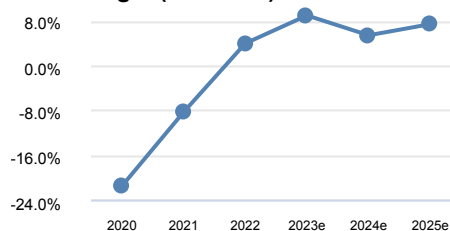
Source: Company data, NuWays, Close price as of 17.10.2023

### Sales (2020-25e)



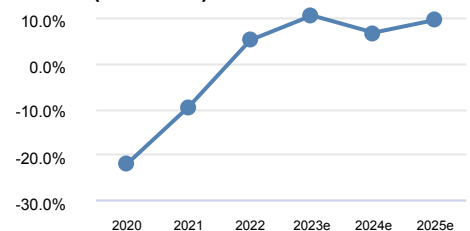
Source: NuWays Research

### EBIT margin (2020-25e)



Source: NuWays Research

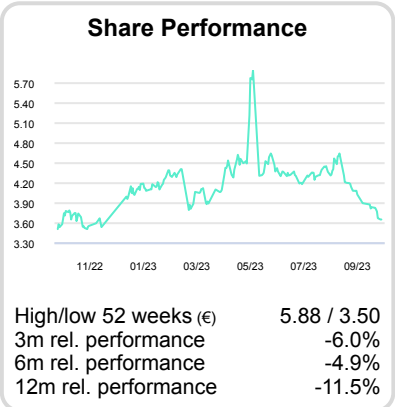
### ROCE (2020-25e)



Source: NuWays Research

### Company description

Borussia Dortmund operates a professional football club with a strong brand power and reputation in both national and international football. The main revenues are generated from sponsorship, ticketing, transfers and merchandising.



### Market data

Share price (in €)	3.64
Market cap (in € m)	399.6
Number of shares (in m pcs)	110.4
Enterprise value (in € m)	434.2
Ø trading volume (6 months)	136,745

### Identifier

Bloomberg	BVB GR
Reuters	BVB.DE
WKN	549309
ISIN	DE0005493092

### Key shareholders

Evonik Industries AG	9.8%
Geske Bernd	9.4%
Ballspielverein Borussia 09 e.V. Dortmund	5.5%
SIGNAL IDUNA	5.4%
Free Float	69.9%

### Estimates changes

	2023/24e	2024/25e	2025/26e
Sales	-6%	-3%	-3%
EBIT	-8%	-3%	-3%
EPS	-8%	-3%	-3%

### Comment on changes

- Changes mainly reflect a more cautious stance on this years UCL performance.

### Guidance

- Sales: ≥ € 435m
- EBITDA: € 89-94m
- EBT: € 1-6m

## Financials

Profit and loss (EUR m)	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
<b>Net sales</b>	<b>334.2</b>	<b>351.6</b>	<b>418.2</b>	<b>431.0</b>	<b>477.2</b>	<b>513.1</b>
<i>Sales growth</i>	-9.7%	5.2%	18.9%	3.0%	10.7%	7.5%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>334.2</b>	<b>351.6</b>	<b>418.2</b>	<b>431.0</b>	<b>477.2</b>	<b>513.1</b>
Other operating income	25.8	85.4	79.3	150.1	107.4	115.5
Material expenses	19.6	22.6	24.1	24.8	27.5	29.6
Personnel expenses	215.6	231.2	236.2	228.4	248.1	256.6
Other operating expenses	85.8	102.4	114.0	172.4	163.4	178.2
<b>Total operating expenses</b>	<b>295.2</b>	<b>270.9</b>	<b>295.0</b>	<b>275.6</b>	<b>331.6</b>	<b>348.9</b>
<b>EBITDA</b>	<b>38.9</b>	<b>80.8</b>	<b>123.2</b>	<b>155.4</b>	<b>145.5</b>	<b>164.2</b>
Depreciation	14.6	14.4	14.0	15.3	15.7	16.5
<b>EBITA</b>	<b>24.4</b>	<b>66.3</b>	<b>109.3</b>	<b>140.1</b>	<b>129.9</b>	<b>147.7</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	96.5	95.5	92.3	101.1	103.6	109.2
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>-72.1</b>	<b>-29.2</b>	<b>16.9</b>	<b>39.0</b>	<b>26.2</b>	<b>38.5</b>
Interest income	0.7	0.7	0.0	0.9	1.0	1.0
Interest expenses	1.7	4.9	6.1	2.2	2.4	2.6
Investment income	-0.1	0.0	0.0	0.0	0.0	0.0
Financial result	-1.1	-4.2	-6.1	-1.3	-1.4	-1.5
<b>Recurring pretax income from continuing operations</b>	<b>-73.2</b>	<b>-33.4</b>	<b>10.8</b>	<b>37.8</b>	<b>24.8</b>	<b>36.9</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-73.2</b>	<b>-33.4</b>	<b>10.8</b>	<b>37.8</b>	<b>24.8</b>	<b>36.9</b>
Income tax expense	-0.3	1.7	1.2	3.8	7.4	11.1
<b>Net income from continuing operations</b>	<b>-72.8</b>	<b>-35.1</b>	<b>9.6</b>	<b>34.0</b>	<b>17.4</b>	<b>25.9</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-72.8</b>	<b>-35.1</b>	<b>9.6</b>	<b>34.0</b>	<b>17.4</b>	<b>25.9</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>-72.8</b>	<b>-35.1</b>	<b>9.6</b>	<b>34.0</b>	<b>17.4</b>	<b>25.9</b>
Average number of shares	110.4	110.4	110.4	110.4	110.4	110.4
<b>EPS reported</b>	<b>-0.66</b>	<b>-0.32</b>	<b>0.09</b>	<b>0.31</b>	<b>0.16</b>	<b>0.23</b>

Profit and loss (common size)	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
<b>Net sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Sales growth</i>	-9.7%	5.2%	18.9%	3.0%	10.7%	7.5%
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other operating income	7.7%	24.3%	19.0%	34.8%	22.5%	22.5%
Material expenses	5.9%	6.4%	5.8%	5.8%	5.8%	5.8%
Personnel expenses	64.5%	65.8%	56.5%	53.0%	52.0%	50.0%
Other operating expenses	25.7%	29.1%	27.3%	40.0%	34.2%	34.7%
<b>Total operating expenses</b>	<b>88.3%</b>	<b>77.0%</b>	<b>70.5%</b>	<b>63.9%</b>	<b>69.5%</b>	<b>68.0%</b>
<b>EBITDA</b>	<b>11.7%</b>	<b>23.0%</b>	<b>29.5%</b>	<b>36.1%</b>	<b>30.5%</b>	<b>32.0%</b>
Depreciation	4.4%	4.1%	3.3%	3.5%	3.3%	3.2%
<b>EBITA</b>	<b>7.3%</b>	<b>18.9%</b>	<b>26.1%</b>	<b>32.5%</b>	<b>27.2%</b>	<b>28.8%</b>
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	28.9%	27.2%	22.1%	23.5%	21.7%	21.3%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>-21.6%</b>	<b>-8.3%</b>	<b>4.0%</b>	<b>9.1%</b>	<b>5.5%</b>	<b>7.5%</b>
Interest income	0.2%	0.2%	0.0%	0.2%	0.2%	0.2%
Interest expenses	0.5%	1.4%	1.5%	0.5%	0.5%	0.5%
Investment income	-0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>-21.9%</b>	<b>-9.5%</b>	<b>2.6%</b>	<b>8.8%</b>	<b>5.2%</b>	<b>7.2%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>-21.9%</b>	<b>-9.5%</b>	<b>2.6%</b>	<b>8.8%</b>	<b>5.2%</b>	<b>7.2%</b>
Tax rate	0.5%	-5.1%	11.4%	10.0%	30.0%	30.0%
<b>Net income from continuing operations</b>	<b>-21.8%</b>	<b>-10.0%</b>	<b>2.3%</b>	<b>7.9%</b>	<b>3.6%</b>	<b>5.0%</b>
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>-21.8%</b>	<b>-10.0%</b>	<b>2.3%</b>	<b>7.9%</b>	<b>3.6%</b>	<b>5.0%</b>
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net profit (reported)</b>	<b>-21.8%</b>	<b>-10.0%</b>	<b>2.3%</b>	<b>7.9%</b>	<b>3.6%</b>	<b>5.0%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Intangible assets	193.4	124.4	169.7	154.5	144.1	138.7
Property, plant and equipment	183.5	172.5	182.3	182.3	182.3	182.3
Financial assets	0.4	0.7	0.5	0.5	0.5	0.5
<b>FIXED ASSETS</b>	<b>377.3</b>	<b>297.6</b>	<b>352.4</b>	<b>337.2</b>	<b>326.9</b>	<b>321.4</b>
Inventories	6.8	4.4	5.4	5.6	6.2	6.7
Accounts receivable	40.3	105.4	125.5	118.1	117.7	112.5
Other assets and short-term financial assets	9.5	24.0	11.0	11.0	11.0	11.0
Liquid assets	1.7	10.6	4.5	37.4	54.6	68.6
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	14.8	13.1	13.0	13.0	13.0	13.0
<b>CURRENT ASSETS</b>	<b>73.2</b>	<b>157.5</b>	<b>159.4</b>	<b>185.1</b>	<b>202.5</b>	<b>211.7</b>
<b>TOTAL ASSETS</b>	<b>450.5</b>	<b>455.1</b>	<b>511.8</b>	<b>522.3</b>	<b>529.4</b>	<b>533.1</b>

<b>SHAREHOLDERS EQUITY</b>	<b>232.6</b>	<b>280.5</b>	<b>282.7</b>	<b>308.0</b>	<b>315.5</b>	<b>338.5</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	2.3	0.0	0.0	0.0	0.0	0.0
Short-term liabilities to banks	56.9	0.0	12.8	12.8	12.8	12.8
Accounts payable	101.4	98.5	132.9	118.1	117.7	98.4
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	31.1	38.9	0.0	0.0	0.0	0.0
Deferred taxes	0.0	0.0	1.1	1.1	1.1	1.1
Deferred income	5.1	19.9	23.2	23.2	23.2	23.2
<b>CURRENT LIABILITIES</b>	<b>132.5</b>	<b>137.4</b>	<b>132.9</b>	<b>118.1</b>	<b>117.7</b>	<b>98.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>450.5</b>	<b>455.1</b>	<b>511.8</b>	<b>522.3</b>	<b>529.4</b>	<b>533.1</b>

Balance sheet (common size)	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Intangible assets	42.9%	27.3%	33.1%	29.6%	27.2%	26.0%
Property, plant and equipment	40.7%	37.9%	35.6%	34.9%	34.4%	34.2%
Financial assets	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%
<b>FIXED ASSETS</b>	<b>83.8%</b>	<b>65.4%</b>	<b>68.9%</b>	<b>64.6%</b>	<b>61.7%</b>	<b>60.3%</b>
Inventories	1.5%	1.0%	1.1%	1.1%	1.2%	1.3%
Accounts receivable	9.0%	23.2%	24.5%	22.6%	22.2%	21.1%
Other assets and short-term financial assets	2.1%	5.3%	2.2%	2.1%	2.1%	2.1%
Liquid assets	0.4%	2.3%	0.9%	7.2%	10.3%	12.9%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	3.3%	2.9%	2.5%	2.5%	2.5%	2.4%
<b>CURRENT ASSETS</b>	<b>16.2%</b>	<b>34.6%</b>	<b>31.1%</b>	<b>35.4%</b>	<b>38.3%</b>	<b>39.7%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>SHAREHOLDERS EQUITY</b>	<b>51.6%</b>	<b>61.6%</b>	<b>55.2%</b>	<b>59.0%</b>	<b>59.6%</b>	<b>63.5%</b>
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Short-term liabilities to banks	12.6%	0.0%	2.5%	2.5%	2.4%	2.4%
Accounts payable	22.5%	21.7%	26.0%	22.6%	22.2%	18.5%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	6.9%	8.5%	0.0%	0.0%	0.0%	0.0%
Deferred taxes	0.0%	0.0%	0.2%	0.2%	0.2%	0.2%
Deferred income	1.1%	4.4%	4.5%	4.4%	4.4%	4.3%
<b>CURRENT LIABILITIES</b>	<b>29.4%</b>	<b>30.2%</b>	<b>26.0%</b>	<b>22.6%</b>	<b>22.2%</b>	<b>18.5%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Net profit/loss	-72.8	-35.1	9.6	34.0	17.4	25.9
Depreciation of fixed assets (incl. leases)	14.6	14.4	14.0	15.3	15.7	16.5
Amortisation of goodwill & intangible assets	96.5	95.5	92.3	101.1	103.6	109.2
Others	0.0	0.0	n.a.	0.0	0.0	0.0
Cash flow from operating activities	-95.1	-74.9	-51.9	-61.6	-79.7	-88.7
Increase/decrease in inventory	-0.1	2.4	-1.0	-0.2	-0.6	-0.5
Increase/decrease in accounts receivable	8.9	-65.0	-20.1	7.4	0.4	5.2
Increase/decrease in accounts payable	-35.7	-2.8	34.3	-14.8	-0.4	-19.2
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-26.9	-65.5	13.2	-7.5	-0.6	-14.5
<b>Cash flow from operating activities</b>	<b>15.9</b>	<b>35.1</b>	<b>54.4</b>	<b>54.8</b>	<b>39.6</b>	<b>37.1</b>
CAPEX	91.7	81.1	147.9	101.2	108.9	120.3
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.2	0.0	0.0	0.0	0.0
Income from asset disposals	29.7	30.0	71.1	85.9	93.3	103.7
<b>Cash flow from investing activities</b>	<b>-62.0</b>	<b>-51.4</b>	<b>-76.8</b>	<b>-15.3</b>	<b>-15.7</b>	<b>-16.5</b>
Cash flow before financing	-46.1	-16.3	-22.3	32.9	17.3	13.9
Increase/decrease in debt position	52.5	-61.3	16.2	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	86.5	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	6.6	6.6	6.6
Others	0.0	0.0	n.a.	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>52.5</b>	<b>25.1</b>	<b>16.2</b>	<b>-6.6</b>	<b>-6.6</b>	<b>-6.6</b>
Increase/decrease in liquid assets	6.4	8.8	-6.1	32.9	17.3	13.9
<b>Liquid assets at end of period</b>	<b>1.7</b>	<b>10.6</b>	<b>4.5</b>	<b>37.4</b>	<b>54.6</b>	<b>68.6</b>

Key ratios (EUR m)	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
<b>P&amp;L growth analysis</b>						
Sales growth	-9.7%	5.2%	18.9%	3.0%	10.7%	7.5%
EBITDA growth	-38.2%	107.3%	52.6%	26.1%	-6.4%	12.8%
EBIT growth	67.1%	-59.5%	-158.0%	130.9%	-32.8%	46.6%
EPS growth	38.1%	-51.8%	-127.2%	255.7%	-48.9%	48.9%
<b>Efficiency</b>						
Sales per employee	385.2	387.1	456.6	462.2	502.3	529.0
EBITDA per employee	44.9	88.9	134.5	166.7	153.2	169.3
No. employees (average)	868	908	916	932	950	970
<b>Balance sheet analysis</b>						
Avg. working capital / sales	-20.2%	-6.1%	1.1%	0.4%	1.2%	2.6%
Inventory turnover (sales/inventory)	49.1	79.6	76.8	76.8	76.8	76.8
Accounts receivable turnover	44.0	109.4	109.5	100.0	90.0	80.0
Accounts payable turnover	110.7	102.3	116.0	100.0	90.0	70.0
<b>Cash flow analysis</b>						
Free cash flow	-46.1	-16.1	-22.3	39.5	23.9	20.5
Free cash flow/sales	-13.8%	-4.6%	-5.3%	9.2%	5.0%	4.0%
FCF / net profit	63.3%	45.9%	neg.	116.3%	137.5%	79.4%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Solvency</b>						
Net debt	76.2	6.6	67.5	34.6	17.3	3.4
Net Debt/EBITDA	2.0	0.1	0.5	0.2	0.1	0.0
Dividend payout ratio	0.0%	0.0%	69.4%	19.5%	38.1%	25.6%
Interest paid / avg. debt	3.0%	10.3%	13.8%	3.0%	3.3%	3.6%
<b>Returns</b>						
ROCE	-22.2%	-9.6%	5.2%	10.6%	6.8%	9.6%
ROE	-31.3%	-12.5%	3.4%	11.0%	5.5%	7.6%
Adjusted FCF yield	-10.4%	-7.6%	3.4%	8.3%	4.6%	6.9%
Dividend yield	0.0%	0.0%	1.7%	1.7%	1.7%	1.7%
DPS	0.0	0.0	0.1	0.1	0.1	0.1
EPS reported	-0.66	-0.32	0.09	0.31	0.16	0.23
Average number of shares	110.4	110.4	110.4	110.4	110.4	110.4
<b>Valuation ratios</b>						
P/BV	1.7	1.4	1.4	1.3	1.3	1.2
EV/sales	2.1	1.2	1.1	1.0	0.9	0.8
EV/EBITDA	17.8	5.0	3.8	2.8	2.9	2.5
EV/EBIT	-9.6	-13.9	27.6	11.1	15.9	10.5

Source: Company data, NuWays

## Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

### Indication of conflict of interest

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if NuWays AG

- (1) or any other person belonging to the same group with it was part of a consortium within the past twelve months that issued the financial instruments of the analysed company by way of a public offer.
- (2) or any other person belonging to the same group with it has entered into an agreement on the production of the research report with the analysed company.
- (3) or any other person belonging to the same group with it has been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement within the past twelve month.
- (4) The analysed company holds 5% or more of the share capital of NuWays AG.
- (5) holds (a) a net short position or (b) a net long position of 0.5% of the outstanding share capital of the analysed company.
- (6) or any other person belonging to the same group with it is a market maker or liquidity provider in the financial instruments of the issuer.
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company.
- (8) The research report has been made available to the analysed company prior to its publication. Thereafter, only factual changes have been made to the report.

### Conflicts of interest that existed at the time when this research report was published:

Company	Disclosures
Borussia Dortmund GmbH & Co KGaA	2

### Historical target price and rating changes for Borussia Dortmund GmbH & Co KGaA

Company	Date	Analyst	Rating	Target Price	Close
Borussia Dortmund GmbH & Co KGaA	02.12.2022	Sennewald, Philipp	Buy	EUR 5.20	EUR 3.58

## 1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by NuWays AG exclusively to selected recipients in the European Union (EU) or, in individual cases, also in other countries. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of NuWays AG. Reproduction of this document, in whole or in part, is not permitted without prior permission NuWays AG. All rights reserved.

Under no circumstances shall NuWays AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

## 2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

## 3. Organisational Requirements

NuWays AG took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of NuWays AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

## 4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

NuWays AG uses the following three-step rating system for the analysed companies:

**Buy:** Sustainable upside potential of more than 20% within 12 months

**Sell:** Sustainable downside potential of more than 20% within 12 months.

**Hold:** Upside/downside potential is limited. No immediate catalyst visible.

The decision on the choice of the financial instruments analysed in this document was solely made by NuWays AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of NuWays AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

## 5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. NuWays AG has checked the information for plausibility but not for accuracy or completeness.

## 6. Competent Supervisory Authority

NuWays AG is an affiliated company of Hauck Aufhäuser Lampe Privatbank AG which is under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

## 7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany and the European Union (EU). The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

## 8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:

Date of publication creation: 19/10/2023 07:54 AM

Date of publication dissemination: 19/10/2023 07:54 AM

## Contacts

### NuWays AG

Mittelweg 16-17  
20148 Hamburg  
Germany

info@nuways-ag.com  
www.nuways-ag.com



**Christian Sandherr**

Co-CEO/Analyst

christian.sandherr@nuways-ag.com



**Frederik Jarchow**

Co-CEO/Analyst

frederik.jarchow@nuways-ag.com



**Philipp Sennewald**

Analyst

philipp.sennewald@nuways-ag.com



**Vaishnavi Khare**

Analyst

vaishnavi.khare@nuways-ag.com



**Henry Wendisch**

Analyst

henry.wendisch@nuways-ag.com

## Find us on Social Media

Instagram



Twitter



LinkedIn

