

Borussia Dortmund GmbH & Co. KGaA

WKN: 549309 | ISIN: DE0005493092 | Bloomberg: BVB GY

Published: 03.03.2020

BUY

Before: BUY

Price Target **EUR 10.50 (10.50)**
Share price* EUR 7.72 (+36%)

*last XETRA closing price

Final H1 figures without surprises; price slide unfounded

Final H1 figures: The BVB has published its H1 report, which, however, did not reveal any surprises and confirmed the preliminary figures. We have adjusted the changes in the presentation of transfer income mentioned in our last update with regard to costs and the cash flow impact in the model.

H1 2019/2020 overview

in EURm	H1 18/19	H1 19/20	YoY	FMR Estimate	FMR estimate FY
Sales (ex-Transfer)	213.8	236.6	+11%	232.9	391.0
EBITDA	57.6	54.7	-5%	55.2	120.8
Transfer income	20.4	11.2	-45%	10.7	28.2
EBITDA pre transfer income	37.2	43.5	+17%	44.5	92.6

Source: BVB, FMR

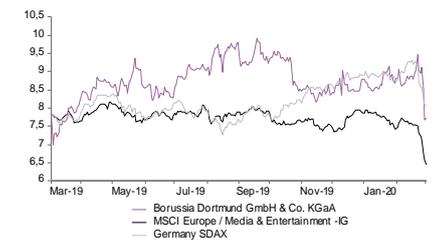
While the reported EBITDA was slightly below the previous year (-5% YoY), the adjusted EBITDA (ex transfer) increased by 17% to EUR 43.5m. This key figure is a strong indicator that BVB is able to further increase its operating result despite the rising cost base (especially personnel costs). Including the already presented transfers, we estimate EBITDA for the full year at EUR 120.8m. Excluding transfer income (FMR estimate: EUR 28.2m for the full year), we forecast EBITDA at EUR 92.6m.

Price slide exaggerated; BUY confirmed: Next week (11.03) BVB will play the second leg match against Paris SG to qualify for the Champions League quarter finals (first leg: 2-1 for BVB) and if they will advance, this would not only be worthwhile financially (sales increase of at least EUR 15m; EUR 10.5m bonus for the quarter-finals, EUR 2.5m for sold tickets and EUR 2.5m effect from increased merchandising for the remainder of the year), but should also give the share positive momentum again after the exaggerated 22% price slide due to Corona fears.

FY End: 30.06.; in EURm	CAGR (18-21e)	16/17	17/18	18/19	19/20e	20/21e	21/22e
Sales	1.9%	405.7	536.0	489.5	517.0	490.7	518.7
EBITDA	-0.5%	74.1	137.3	116.0	120.8	105.0	114.4
Margin		18.3%	25.6%	23.7%	23.4%	21.4%	22.1%
EBIT	30.9%	10.7	39.0	23.5	35.6	27.2	52.7
Margin		2.6%	7.3%	4.8%	6.9%	5.5%	10.2%
net result	32.7%	8.2	31.7	17.4	27.0	20.3	40.7
EPS	32.7%	0.09	0.34	0.19	0.29	0.22	0.44
Dividend per share		0.06	0.06	0.06	0.06	0.06	0.06
EV		658.5	660.9	650.8	654.4	662.5	662.7
EV/Sales		1.6	1.2	1.3	1.3	1.4	1.3
EV/EBITDA		8.9	4.8	5.6	5.4	6.3	5.8
P/E		86.8	22.4	40.8	26.3	35.1	17.5
Net debt/EBITDA		-0.7	-0.4	-0.5	-0.5	-0.5	-0.4

Source: BVB, FMR

Change	19/20e	20/21e	21/22e
Sales	-	-	-
EBIT	-	-	-
EPS	-	-	-



Source: Factset

Basic share data

Number of shares (million)	92.0
Free Float (in %)	60%
Market Cap (in million EUR)	710
Trading volume (Ø)	283k
High (EUR, 52 weeks)	10.29
Low (EUR, 52 weeks)	5.33

Shareholder structure

Evonik Industries	9.8%
Bernd Geske	9.4%
Free float, others	80.8%

Corporate calendar

9M figures	15.05.2020
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Analyst

Marcus Silbe, CEFA

Head of Research

marcus.silbe@fmr-research.de

+49 (0) 69 - 920 389 12

Contact

FMR Frankfurt Main Research AG
Schillerstrasse 16
60313 Frankfurt am Main
Germany

+49 (0) 69 - 920 389 10

www.fmr-research.de

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" Company Update "

Valuation

	Present Value (PV)	PV/Share
Roster Value	642	6.98
Discount (to reach marketable roster value)	-30%	
Marketable roster value	449	4.88
Stadium	235	2.55
Brand value	213	2.31
End of Sport Five contract (saved discounted Cash Flow)	258	2.81
1&1 new Jersey sponsor	50	0.54
Total Present Value	1,206	13.10
Net excess cash (as of EO FY 18/19)	39.1	0.43
Fair value	1,245	13.53

Source: BVB, FMR PV: in EURm

Appendix

P&L							
	in EURm	16/17	17/18	18/19	19/20e	20/21e	21/22e
Revenues		405.7	536.0	489.5	517.0	490.7	518.7
YoY growth		7.8%	32.1%	-8.7%	5.6%	-5.1%	5.7%
Cost of revenues		-25.9	-20.1	-21.3	-26.2	-28.1	-27.5
as % of revenues		-6.4%	-3.7%	-4.3%	-5.1%	-5.7%	-5.3%
Gross profit		379.8	515.9	468.3	490.8	462.6	491.2
as % of revenues		93.6%	96.3%	95.7%	94.9%	94.3%	94.7%
Personnel costs		-177.9	-186.7	-205.1	-209.2	-225.6	-233.9
as % of revenues		-43.9%	-34.8%	-41.9%	-40.5%	-46.0%	-45.1%
Other operating income/expenses		-127.7	-191.9	-147.2	-160.8	-131.9	-142.9
as % of revenues		-31.5%	-35.8%	-30.1%	-31.1%	-26.9%	-27.5%
Reported EBITDA		74.1	137.3	116.0	120.8	105.0	114.4
as % of revenues		18.3%	25.6%	23.7%	23.4%	21.4%	22.1%
Depreciation and amortisation (incl. PPA)		-63.4	-98.3	-92.5	-85.2	-77.9	-61.7
as % of revenues		-15.6%	-18.3%	-18.9%	-16.5%	-15.9%	-11.9%
Reported EBIT		10.7	39.0	23.5	35.6	27.2	52.7
as % of revenues		2.6%	7.3%	4.8%	6.9%	5.5%	10.2%
Net financial results incl. equity results		-1.6	-4.3	-1.7	-1.5	-1.5	-1.5
EBT (Earnings before income taxes)		9.1	34.6	21.8	34.1	25.7	51.2
as % of revenues		2.2%	6.5%	4.5%	6.6%	5.2%	9.9%
Income taxes		-0.9	-2.9	-4.4	-7.1	-5.4	-10.5
as % of EBT		-10.0%	-8.5%	-20.3%	-20.9%	-21.2%	-20.6%
Income from continuing operations		8.2	31.7	17.4	27.0	20.3	40.7
Income from discontinued operations, net of taxes		0.0	0.0	0.0	0.0	0.0	0.0
Net income		8.2	31.7	17.4	27.0	20.3	40.7
Minorities		0.0	0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders		8.2	31.7	17.4	27.0	20.3	40.7
Net margin in %		2.0%	5.9%	3.6%	5.2%	4.1%	7.8%
Shares outstanding (in m)		92.0	92.0	92.0	92.0	92.0	92.0
Basic earnings per share (EUR)		0.09	0.34	0.19	0.29	0.22	0.44

Source: BVB, FMR

Balance sheet

	IFRS	in EURm	16/17	17/18	18/19	19/20e	20/21e	21/22e
Assets								
Non-current assets			354.9	351.4	371.7	440.1	432.3	440.8
as % of total assets			74.1%	72.4%	74.3%	76.4%	74.5%	70.8%
Intangible assets (incl. Goodwill)			141.5	120.3	163.7	226.9	210.4	210.0
Property, plant and equipment			184.7	180.7	184.0	192.8	201.5	210.3
Long-term investments			0.4	0.4	0.4	0.4	0.4	0.4
Income tax claims (incl. Deferred)			1.1	0.0	0.0	0.0	0.0	0.0
Other assets			27.1	50.0	23.6	20.1	20.1	20.1
Current assets			123.7	134.2	128.4	136.0	148.2	181.5
as % of total assets			25.9%	27.6%	25.7%	23.6%	25.5%	29.2%
Inventories			9.0	5.6	4.6	15.5	14.7	15.6
Accounts receivable and other assets			65.3	68.5	66.1	72.1	85.3	90.5
Current income tax claims			0.2	0.6	1.8	0.6	0.6	0.6
Cash and cash equivalents			49.3	59.5	55.9	47.8	47.5	74.9
Total assets			478.6	485.6	500.1	576.1	580.5	622.3
Shareholders' equity and liabilities								
Shareholders' equity			312.3	343.6	354.9	376.3	396.6	437.2
as % of total equity and liabilities			65.3%	70.8%	71.0%	65.3%	68.3%	70.3%
Subscribed capital			92.0	92.0	92.0	92.0	92.0	92.0
Capital reserve			220.4	251.7	263.0	284.4	304.7	345.4
Accumulated and other comprehensive income			0.0	0.0	0.0	0.0	0.0	0.0
Treasury shares			-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Equity attributable to shareholders			312.3	343.6	354.9	376.3	396.6	437.2
Minorities			0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities and provisions			139.7	117.9	126.4	178.4	162.6	163.7
as % of total equity and liabilities			29.2%	24.3%	25.3%	31.0%	28.0%	26.3%
Financial liabilities			10.3	2.0	3.1	2.0	2.0	2.0
Advance payments received			0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable			63.6	54.6	60.7	70.8	67.2	71.1
Tax liabilities			0.7	2.0	3.5	2.0	2.0	2.0
Other provisions			21.9	24.7	25.5	56.6	39.6	31.7
Other liabilities			43.3	34.7	33.7	47.1	51.8	57.0
Non-current liabilities and provisions			26.6	24.1	18.8	21.3	21.3	21.3
as % of total equity and liabilities			5.5%	5.0%	3.8%	3.7%	3.7%	3.4%
Pension provisions and similar obligations			0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities			8.7	6.7	8.4	3.9	3.9	3.9
Deferred tax liabilities			0.0	0.0	0.0	0.0	0.0	0.0
Provisions			1.2	1.1	1.7	1.1	1.1	1.1
Other liabilities			16.7	16.3	8.7	16.3	16.3	16.3
Total equity and liabilities			478.6	485.6	500.1	576.1	580.5	622.3

Source: BVB, FMR

Cash Flow Statement

in EURm	16/17	17/18	18/19	19/20e	20/21e	21/22e
EBT	9.1	34.7	21.8	34.1	25.7	51.2
Depreciation and amortisation	63.4	90.6	92.5	85.2	77.9	61.7
Other transactions incl. non-cash	6.4	48.8	30.2	-80.2	0.1	-5.0
Change in Working Capital	31.5	-3.6	0.0	39.1	-33.8	-10.4
Cash flow from operating activities	110.4	170.4	144.5	78.2	69.8	97.4
CAPEX	-104.7	-142.8	-139.3	-72.2	-64.6	-64.6
Change in consolidation, net cash	0.0	0.0	0.0	0.0	0.0	0.0
Other investing activities	0.1	0.0	0.0	-3.0	0.0	0.0
Cash flow from investing activities	-104.6	-142.7	-139.3	-75.2	-64.6	-64.6
Change in debt	0.0	0.0	0.0	0.0	0.0	0.0
Net proceeds from capital increase & right capital & change in capital reserve	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of treasury shares & minority stakes	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payments	-5.6	-5.5	-5.5	-5.5	-5.5	-5.5
Other financing activities	-2.6	-11.9	-3.3	-5.6	0.0	0.0
Cash flow from financing activities	-8.2	-17.5	-8.8	-11.1	-5.5	-5.5
Total change in cash and cash equivalents	-2.4	10.2	-3.6	-8.1	-0.3	27.3
Effect of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Other changes in cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at the start of the period	51.7	49.3	59.5	55.9	47.8	47.5
Cash and cash equivalents at year's end	49.3	59.5	55.9	47.8	47.5	74.9

Source: BVB, FMR

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- b) Time conditions of expected updates: quarterly
- c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Lurgiallee 12, 60439 Frankfurt am Main
- d) Previous analyses: No analysis was published in the 12 months before publication of this analysis that contains a recommendation for a specific investment decision which contradicts this analysis.
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Borussia Dortmund GmbH & Co. KGaA

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Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date (EUR)	Price target (EUR)
24.05.2019	BUY	9.10	10.50
16.08.2019	BUY	9.00	10.50
11.11.2019	BUY	8.52	10.50
22.11.2019	BUY	8.45	10.50
11.12.2019	BUY	8.35	10.50
20.02.2020	BUY	8.99	10.50
24.02.2020	BUY	9.49	10.50
03.03.2020	BUY	7.72	10.50

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FMR Frankfurt Main Research AG

Registered office: Frankfurt am Main; Commercial Register No. HRB 113537, Frankfurt am Main district court; Chairman: Marcus Silbe

b) Issuer

Marcus Silbe, Head of Research, Senior Analyst

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BUY: In our opinion, the stock will demonstrate an absolute price gain of at least 10 % in a 12-month period.

HOLD: In our opinion, the stock will not exceed or fall below an absolute price gain or loss of 10% in a 12-month period.

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