

Borussia Dortmund GmbH & Co. KGaA

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

Attractive capital increase for financial strengthening

BVB increases subscribed capital at a ratio of 5:1: Surprisingly for us, BVB announced an ordinary capital increase in a ratio of 5:1 at EUR 4.70 per share on 16.09.2021. The new shares are fully entitled to dividends for FY21/22e. The company's capital stock will increase from EUR 92.000m to EUR 110.396m. Net proceeds will be around EUR 81.3m. Two existing shareholders and one new shareholder have submitted fixed subscription agreements to the company, which may amount to up to approximately EUR 11.7m. The issuing bank has entered into a takeover obligation for the remaining shares; BVB will therefore receive the proceeds in any case.

Economic background: Financial strengthening: According to company information, it is planned to use the inflowing funds to fully repay the financial debt of currently EUR 68.0m. The funds in excess of this amount will be available to compensate for any further losses that may be incurred as a result of COVID 19 measures and for investments in the professional squad.

Successful start to the 21/22 Bundesliga season: BVB got off to a successful start to the new season, finishing third in the table behind Munich and Wolfsburg after five match days. In the UEFA Champions League, BVB was successful in the away match at Beşiktaş Istanbul with 2:1. The next opponent will be Sporting Lisbon on Sept. 28.

FMR: Enterprise value confirmed: We have left the enterprise value unchanged at EUR 1.04bn. Based on the new, higher number of shares, the new value per share is rounded to EUR 5.60 (see page 2).

The fixed issue price of EUR 4.70 per share represents a high discount of 23% compared with the closing price of EUR 6.13 on September 15, 2021. We continue to assess the longer-term sporting and economic prospects for the club as positive and therefore recommend participation in the capital measure.

FY End: 30.06.; in EURm	CAGR (20-22e)	16/17	17/18	18/19	19/20	20/21e	21/22e
Sales	1.0%	405.7	536.0	370.3	370.2	334.2	378.0
EBITDA	9.0%	74.1	137.3	116.0	63.0	39.0	74.8
Margin		18.3%	25.6%	31.3%	17.0%	11.7%	19.8%
EBIT	n.m.	10.7	39.0	23.5	-43.1	-72.1	-12.6
Margin		2.6%	7.3%	6.3%	-11.7%	-21.6%	-3.3%
Net result	n.m.	8.2	31.7	17.4	-44.0	-72.8	-11.8
EPS, EUR *	n.m.	0.09	0.33	0.18	-0.46	-0.76	-0.11
Dividend per share, EUR		0.06	0.06	0.06	0.00	0.00	0.06
EV		420.7	423.1	413.0	416.6	540.7	540.7
EV/Sales		1.0	0.8	1.1	1.1	1.6	1.4
EV/EBITDA		5.7	3.1	3.6	6.6	13.9	7.2
P/E *		53.3	13.8	25.2	n.m.	n.m.	n.m.
Net debt/EBITDA	1.0%	-0.7	-0.4	-0.5	-0.9	-2.0	0.2

Source: BVB, FMR * adjusted for capital increase

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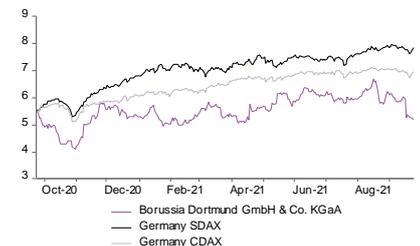
Buy

Before: Buy

Price Target EUR 5.60 (6.80)
Share price* EUR 5.18 (+8.1%)

*last XETRA closing price

Change	19/20	20/21e	21/22e
Sales, EURm	0.0	0.0	0.0
EBIT, EURm	0.0	0.0	0.0
EPS, EUR *	0.02	0.03	0.02



Source: Factset

Basic share data

Number of shares (million)	110.4
Free Float (in %)	69.86%
Market Cap (in EURm)	571.9
Trading volume (Ø)	247,165
High (EUR, 52 weeks) *	6.47
Low (EUR, 52 weeks) *	3.91

Shareholder structure

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

Corporate calendar

An.Report 20/21 publication	28.09.2021
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Valuation: Update

Due to the just announced capital increase, we have adjusted our valuation. We have left the value of the company unchanged at EUR 1,038m. Due to the increase in the number of shares from 92.0m to 110.4m (+20%; ratio of 5:1), the fair value per share goes down to rounded EUR 5.60 (-16,7%).

Bor. Dortmund: Valuation

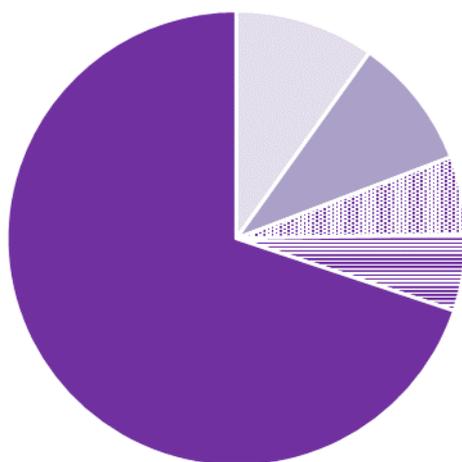
EUR m	16.08.2021		17.09.2021	
	Present Value (PV)	PV/Share, EUR	Present Value (PV)	PV/Share, EUR
Team squad value	587.0	6.38	587.0	5.32
Discount (to reach marketable team squad value)	-30%		-30%	
Marketable team squad value	410.9	4.47	410.9	3.72
Stadium	235.0	2.55	235.0	2.13
Brand value	234.0	2.54	234.0	2.12
End of Sport Five contract (saved, discounted CF)	232.0	2.52	232.0	2.10
1 & 1 neuer jersey sponsor	50.0	0.54	50.0	0.45
Total Present Value	1,161.9	12.63	1,161.9	10.52
Net excess cash (as of EO FY 19/20)	-4.7	-0.05	-4.7	-0.04
Corona impact on EBITDA	-119.0	-1.29	-119.0	-1.08
Fair value	1,038.2	11.28	1,038.2	9.40
Discount		-40%		-40%
Price target		6.77		5.64

Source: transfermarkt.de, FMR

Additional details:

Shareholder structure

Bor. Dortmund: Shareholder structure as of 10.08.2021



■ Evonik Ind. AG ■ B. Geske ■ Bor. 09 e.V. Dortmund ■ SIGNAL INDUNA ■ Free float

Source: BVB capital markets presentation for capital increase Sept. 2021

In addition to the major shareholders listed here, there are two other major shareholders, Ralph Dommermuth Beteiligungen GmbH and Puma SE, each of which holds 4.99% of the shares. Furthermore, Lansdowne European Absolute Opportunities Fund Limited currently holds 3.0% of the shares. In accordance with

the definition of Deutsche Börse, they are classified as free float. The free float is therefore 69.86%.

Three shareholders have submitted binding firm subscription or commitment agreements to the Company for the subscription of a total of 2,489,360 shares, corresponding to pro rata gross issue proceeds of around EUR 11.7m. In detail, these are:

- SIGNAL IDUNA Allgemeine Versicherung 1,000,000 shares
- PUMA SE 1,276,595 shares
- Setanta GmbH (new shareholder) 212,765 shares.

Attractive issue price for the new shares

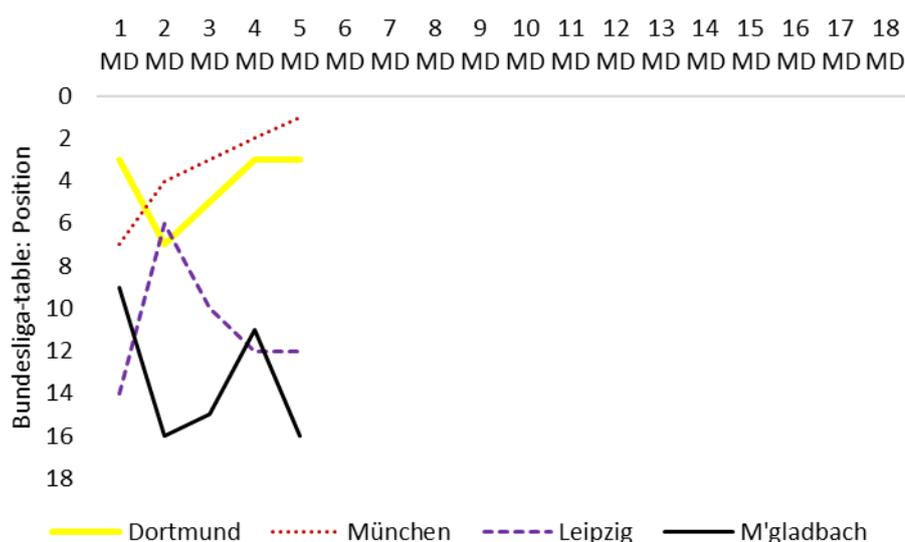
The issue price of EUR 4.70 for the new shares is attractive in our view. Compared with the closing price before the announcement of the capital increase (Sept. 15, 2021) of EUR 6.13, the discount is 23.3%. On Sept. 16, the share closed at EUR 5.19, still well above the issue price. The new shares are fully entitled to dividends for 2021/22e.

Participation in capital increase recommended

Positive sporting and economic prospects

BVB has made a successful start to the new Bundesliga season. After five match days, the team is in third place in the table. Some of its rivals for the championship have started much worse.

Bor. Dortmund: German Bundesliga table after five match days



Source: FMR; MD = match day

We believe that the club's successful scouting concept is a key factor in its sporting and financial success. Around 30 scouts are on the lookout for new talent around the world. To date, the club has helped around 100 youngsters make the successful leap into professional soccer.

Bor. Dortmund: Scouting concept



Source: [transfermarkt.de](https://www.transfermarkt.de), FMR

From an economic point of view, the club has also developed a number of young players and acted successfully in transfer deals. Worth mentioning are, among others, the transfers of Mario Götze, Christian Pulisic (from the BVB academy) or Dembélé (discovery in France by the scouting team). Most recently, the player Sancho was sold to Manchester United after four years for the impressive sum of 85 million euros. Part of the proceeds must be given to the previous club, and the remaining purchase price will flow to BVB in several installments over four to five years. Further positive impetus is expected from the return of spectators to the stadium (currently a maximum of 25,000 per home game), strengthening of international brand awareness, and potential with the help of digitization.

Appendix

P&L					
in EURm (IFRS)	17/18	18/19	19/20	20/21e	21/22e
Revenues	536.0	370.3	370.2	334.2	378.0
YoY growth	0.0%	-30.9%	0.0%	-9.7%	13.1%
Cost of revenues	-20.1	-21.3	-22.4	-19.6	-23.4
as % of revenues	-3.8%	-5.8%	-6.1%	-5.9%	-6.2%
Gross Profit	515.9	349.0	347.8	314.6	354.6
as % of revenues	96.3%	94.2%	93.9%	94.1%	93.8%
Personnel costs	-186.7	-205.1	-215.1	-215.7	-196.6
as % of revenues	-34.8%	-55.4%	-58.1%	-64.5%	-52.0%
Other operating income/expenses	-191.9	-27.9	-69.8	-60.0	-83.2
as % of revenues	-35.8%	-7.5%	-18.8%	-17.9%	-22.0%
EBITDA reported	137.3	116.0	63.0	39.0	74.8
as % of revenues	25.6%	31.3%	17.0%	11.7%	19.8%
Depreciation and amortisation (incl. PPA)	-98.3	-92.5	-106.1	-111.0	-87.4
as % of revenues	-18.3%	-25.0%	-28.7%	-33.2%	-23.1%
Reported EBIT	39.0	23.5	-43.1	-72.1	-12.6
as % of revenues	7.3%	6.3%	-11.7%	-21.6%	-3.3%
Net financial results incl. equity results	-4.4	-1.7	-3.5	-1.1	-1.3
EBT (Earnings before income taxes)	34.6	21.8	-46.6	-73.1	-13.9
as % of revenues	6.5%	5.9%	-12.6%	-21.9%	-3.7%
Income taxes	-2.9	-4.4	2.6	0.3	2.1
as % of EBT	-8.4%	-20.2%	-5.6%	-0.5%	-15.0%
Income from continuing operations	31.7	17.4	-44.0	-72.8	-11.8
as % of revenues	5.9%	4.7%	-11.9%	-21.8%	-3.1%
Income from discontinuing operations, net of taxes	0.0	0.0	0.0	0.0	0.0
Net income	31.7	17.4	-44.0	-72.8	-11.8
Minorities	0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders	31.7	17.4	-44.0	-72.8	-11.8
as % of revenues	5.9%	4.7%	-11.9%	-21.8%	-3.1%
Shares outstanding (in m)	92.0	92.0	92.0	92.0	105.8
Basic earnings per share (EUR)	0.33	0.18	-0.46	-0.76	-0.11

Source: BVB, FMR

Balance sheet

in EURm (IFRS)	17/18	18/19	19/20	20/21e	21/22e
Assets					
Non-current assets	351.4	371.7	441.5	389.8	372.6
as % of total assets	72.4%	74.3%	85.2%	86.5%	70.6%
Intangible assets (incl. Goodwill)	120.3	163.7	229.7	193.4	183.4
Property, plant and equipment	180.7	184.0	193.0	183.5	176.2
Long-term investments	0.4	0.4	0.4	0.4	0.4
Deferred tax assets, long-term	0.0	0.0	0.0	0.0	0.0
Other assets	50.0	23.6	18.4	12.5	12.5
Current assets	134.2	128.4	76.5	60.7	155.5
as % of total assets	27.6%	25.7%	14.8%	13.5%	29.4%
Inventories	5.6	4.6	6.8	6.8	6.9
Accounts receivable and other assets	68.5	66.1	66.1	52.2	54.2
Current income tax claims	0.6	1.8	0.4	0.1	0.1
Cash and cash equivalents	59.5	55.9	3.3	1.7	94.3
Total assets	485.6	500.1	518.0	450.5	528.0
Shareholders' equity and liabilities					
Shareholders' equity	343.6	354.9	305.5	232.6	307.3
as % of total equity and liabilities	70.8%	71.0%	59.0%	51.6%	58.2%
Subscribed capital	92.0	92.0	92.0	92.0	110.4
Capital reserve	251.7	263.0	213.6	140.7	208.8
Treasury stocks	-0.1	-0.1	-0.1	-0.1	-0.1
Other equity items	0.0	0.0	0.0	0.0	-11.8
Minority interest on equity	0.0	0.0	0.0	0.0	0.0
Non-current provisions/liabilities	24.1	18.8	89.9	54.4	56.4
as % of total equity and liabilities	5.0%	3.8%	17.4%	12.1%	10.7%
Non-current pension provisions	0.0	0.0	0.0	0.0	0.0
Other non-current provisions	1.1	1.7	0.0	0.0	0.0
Non-current financial liabilities	6.7	8.4	20.1	16.8	17.0
Non-current deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	16.3	8.7	69.8	37.6	39.4
Current liabilities and provisions	117.9	126.4	122.6	163.5	164.4
as % of total equity and liabilities	24.3%	25.3%	23.7%	36.3%	31.1%
Other provisions	24.7	25.5	0.0	2.3	2.4
Financial liabilities	2.0	3.1	12.4	61.1	62.9
Accounts payable	54.6	60.7	67.4	64.1	64.1
Current prepayments received	0.0	0.0	0.0	0.0	0.0
Tax liabilities	2.0	3.5	0.1	0.0	0.0
Current deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Other liabilities	34.7	33.7	42.7	36.0	34.9
Advance payments received	0.0	0.0	0.0	0.0	0.0
Total equity and liabilities	485.6	500.1	518.0	450.5	528.0

Source: BVB, FMR

Cashflow Statement

in EURm (IFRS)	17/18	18/19	19/20	20/21e	21/22e
EBT	34.6	21.8	-46.6	-73.1	-13.9
Depreciation and amortisation	98.3	90.1	106.1	111.0	87.4
Change in pension and similar provisions					
Other transactions incl. non-cash	41.1	-88.9	-41.9	-28.2	5.1
Change in Working Capital	-3.6	5.7	-18.0	6.2	-3.2
Cashflow from operating activities	170.4	28.7	-0.4	15.9	75.4
CAPEX	-142.7	-23.6	-50.9	-62.0	-70.1
Change in consolidation, net cash	0.0	0.0	0.0	0.0	0.0
Other investing activities	0.0	0.1	0.1	0.0	0.0
Cashflow from investing activities	-142.7	-23.5	-50.8	-62.0	-70.1
Change in debt	0.0	0.0	0.0	56.9	2.0
Net proceeds from capital increase & right capital & change in capital reserve	0.0	0.0	0.0	0.0	86.5
Dividend payments	-5.5	-5.5	-5.5	0.0	0.0
Acquisition of treasury shares & minority stakes	0.0	0.0	0.0	0.0	0.0
Other financing activities	-11.9	-3.3	-3.9	-4.4	-1.3
Cashflow from financing activities	-17.4	-8.8	-9.4	52.5	87.2
Total change in cash and cash equivalents	10.2	-3.6	-60.6	6.4	92.5
Effect of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.1
Other changes in cash and cash equivalents	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at the start of the period	49.3	59.5	55.9	-4.7	1.7
Cash and cash equivalents: End of period	59.5	55.9	-4.7	1.7	94.3
of which					
Cash and equivalents	59.5	55.9	3.3	1.7	94.3
Current account	0.0	0.0	-8.0	0.0	0.0

Source: BVB, FMR

Declaration of liability (disclaimer) and mandatory details pursuant to Section 85 Securities Trading Act (WpHG), EU Market Abuse Regulation (EU Regulation No. 596/2014), Delegated Regulation 2016/958 and Delegated Regulation 2017/565 including details of possible conflicts of interest (disclosures), the author and the responsible supervisory authority

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b) Time conditions of expected updates: quarterly

c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Marie-Curie-Straße 24-28, 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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f) All prices and price developments listed in the analysis are based on closing prices insofar as no contradictory details were provided about prices and price developments.

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(vii.) has other significant interests with regard to the company being analysed, for example clients with the company being analysed.

Company	Disclosure(s)
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Borussia Dortmund GmbH & Co. KGaA	vi
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Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date (EUR)	Price target (EUR)
03.03.2020	BUY	7.72	10.50
18.03.2020	BUY	4.63	9.00
11.05.2020	BUY	6.75	8.00
03.07.2020	BUY	6.07	8.00
18.08.2020	BUY	5.70	8.00
09.11.2020	BUY	4.66	6.00
18.12.2020	BUY	5.59	6.00
12.02.2021	BUY	5.14	6.00
03.03.2021	BUY	5.75	6.00
27.05.2021	BUY	6.13	6.80
06.07.2021	BUY	6.32	6.80
17.08.2021	BUY	6.87	6.80
24.09.2021	BUY	5,18	5,60

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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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