

Borussia Dortmund GmbH & Co. KGaA

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

Strong Performance and Positive Outlook for BVB

9M Figures in the Range of Expectations: From a sporting perspective, BVB maintained its competitiveness and finished the Bundesliga in 5th place, thus qualifying for the Champions League. After 9M, BVB generated consolidated sales of EUR 354.7m, up from EUR 322.4m in the same period last year. EBITDA after 9M was EUR 119.8m compared to EUR 110.2m in the previous year. The increase in sales and EBITDA aligns with expectations. Net income improved from EUR 26.0m to EUR 48.9m, which was also in line with our estimates. Despite the exciting championship and the uncertainty regarding transfer income for the year-end business in Q4, we still feel comfortable with our estimates.

Target Price EUR 5.00 and BUY Recommendation Remains Unchanged: The target price of EUR 5.00 and the BUY recommendation for Borussia Dortmund (BVB) remain unchanged for several compelling reasons. Despite challenges, BVB has demonstrated consistent revenue growth, with a 10% increase to EUR 354.7 million in the first nine months of FY 2023/24. This growth, driven by higher matchday revenue, robust advertising and broadcasting income, and strong merchandising sales, underscores the club's financial resilience and strategic execution. Profitability has improved significantly, with EBITDA rising 8.6% to EUR 119.8 million and net income nearly doubling to EUR 48.9 million due to effective cost management. Furthermore, BVB's competitive performance in both the Bundesliga and UEFA Champions League positions the club favorably for future success. The ability to attract and retain top talent, along with strategic investments in infrastructure and player acquisitions, enhances long-term growth prospects. Sustained sporting success and participation in high-profile competitions are expected to drive further revenue and profitability, justifying the BUY recommendation and the target price of EUR 5.00.

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BUY

Before: BUY

Price Target EUR 5.00 (5.00)
Share price* EUR 4.16 (+20%)

*last closing price XETRA

Change	21/22	22/23	23/24e
Sales, EURm	-	-	-
EBIT, EURm	-	-	-
EPS, EUR *	-	-	-



Source: XETRA, FMR

Basic share data

Number of shares (million)	110.4
Free Float (in %)	72.3%
Market Cap (in EURm)	454.8
Trading volume 30 D.(Ø)	137,915
High (EUR, 52 weeks) *	5.89
Low (EUR, 52 weeks) *	3.32

Shareholder structure

Evonik Industries	8.2%
Bernd Geske	8.2%
Free float, others	83.6%

Corporate calendar

ODDO BHF Nextcap Forum	06.06.2024
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FY End: 30.06.; in EURm	CAGR (21-23e)	18/19	19/20	20/21	21/22	22/23e	23/24e
Sales	6.5%	370.3	370.2	334.2	337.0	433.0	451.0
EBITDA	14.8%	116.0	63.0	39.0	66.7	96.1	97.4
Margin		31.3%	17.0%	11.7%	19.8%	22.2%	21.6%
EBIT	n.m.	23.5	-43.1	-72.1	-40.7	-6.9	-0.3
Margin		6.3%	-11.7%	-21.6%	-12.1%	-1.6%	-0.1%
Net result	n.m.	17.4	-44.0	-72.8	-34.6	-5.8	-0.2
EPS, EUR *	n.m.	0.18	-0.46	-0.76	-0.33	-0.05	0.00
Dividend per share, EUR		0.06	0.00	0.00	0.06	0.08	0.08
EV		1.1	1.1	1.9	1.5	1.2	1.1
EV/Sales		3.6	6.6	16.6	7.6	5.3	5.2
EV/EBITDA		25.2	n.m.	n.m.	n.m.	n.m.	-2201.8
P/E *		-0.5	-0.9	-2.0	-0.1	0.0	0.2
Net debt/EBITDA		-0.5	-0.9	-2.0	0.2	0.3	0.5

Source: BVB, FMR * adjusted for capital increase

Strategic Outlook and Risk Management: Looking forward, BVB is well-positioned to benefit from its strong brand and competitive performance in the Bundesliga and UEFA Champions League. However, the financial outlook remains cautiously optimistic given uncertainties in the global economy and the volatility of transfer markets. The club's risk management framework is designed to mitigate these risks, ensuring sustained financial health and competitive advantage.

Impacts of Highlights and Lowlights on BVB's Current and Future Outlook: BVB's successful run to the UEFA Champions League final has significantly boosted the club's visibility, brand value, and revenue from prize money and broadcasting rights. This achievement enhances future revenue prospects through increased sponsorship and higher matchday revenues. However, the early exit from the DFB-Pokal has slightly dampened overall revenue projections and fan engagement. Additionally, increased player wages and transfer costs have exerted pressure on the club's free cash flow, necessitating prudent financial management. Despite these challenges, robust sponsorship deals, such as with PRIME and Solax Power Europe, provide a stable revenue stream and enhance financial stability. Looking forward, BVB's ability to leverage international success while managing domestic performance and controlling costs will be crucial in maintaining their competitive and financial edge.

Appendix P&L

in EURm (IFRS)	19/20	20/21	21/22	22/23e	23/24e
Revenues	370,2	334,2	337,0	433,0	451,0
YoY growth	0,0%	-9,7%	0,8%	28,5%	4,2%
Cost of revenues	-22,4	-19,6	-20,9	-26,0	-26,6
as % of revenues	-6,1%	-5,9%	-6,2%	-6,0%	-5,9%
Gross Profit	347,8	314,6	316,1	407,0	424,4
as % of revenues	93,9%	94,1%	93,8%	94,0%	94,1%
Personnel costs	-215,1	-215,7	-175,2	-220,0	-227,8
as % of revenues	-58,1%	-64,5%	-52,0%	-50,8%	-50,5%
Other operating income/expenses	-69,8	-60,0	-74,1	-90,9	-99,2
as % of revenues	-18,8%	-17,9%	-22,0%	-21,0%	-22,0%
EBITDA reported	63,0	39,0	66,7	96,1	97,4
as % of revenues	17,0%	11,7%	19,8%	22,2%	21,6%
Depreciation and amortisation (incl. PPA)	-106,1	-111,0	-107,4	-103,0	-97,7
as % of revenues	-28,7%	-33,2%	-31,9%	-23,8%	-21,7%
Reported EBIT	-43,1	-72,1	-40,7	-6,9	-0,3
as % of revenues	-11,7%	-21,6%	-12,1%	-1,6%	-0,1%
Net financial results incl. equity results	-3,5	-1,1	0,0	0,0	0,0
EBT (Earnings before income taxes)	-46,6	-73,2	-40,7	-6,9	-0,2
as % of revenues	-12,6%	-21,9%	-12,1%	-1,6%	-0,1%
Income taxes	2,6	0,3	6,1	1,0	0,0
as % of EBT	-5,6%	-0,5%	-15,0%	-15,0%	-15,0%
Income from continuing operations	-44,0	-72,8	-34,6	-5,8	-0,2
as % of revenues	-11,9%	-21,8%	-10,3%	-1,3%	0,0%
Income from discontinuing operations, net of taxes	0,0	0,0	0,0	0,0	
Net income	-44,0	-72,8	-34,6	-5,8	-0,2
Minorities	0,0	0,0	0,0	0,0	0,0
Net income attributable to shareholders	-44,0	-72,8	-34,6	-5,8	-0,2
as % of revenues	-11,9%	-21,8%	-10,3%	-1,3%	0,0%
Shares outstanding (in m)	92,0	92,0	105,8	110,4	110,4
Basic earnings per share (EUR)	-0,46	-0,76	-0,33	-0,05	0,00

Source: Borussia Dortmund, FMR

Balance Sheet

in EURm (IFRS)	19/20	20/21	21/22	22/23e	23/24e
Assets					
Non-current assets	441,5	389,8	352,5	329,5	314,8
as % of total assets	85,2%	86,5%	78,4%	73,6%	69,4%
Intangible assets (incl. Goodwill)	229,7	193,4	163,4	143,4	133,4
Property, plant and equipment	193,0	183,5	176,2	173,2	168,5
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	18,4	12,5	12,5	12,5	12,5
Current assets	76,5	60,7	97,3	118,0	138,8
as % of total assets	14,8%	13,5%	21,6%	26,4%	30,6%
Inventories	6,8	6,8	6,9	7,0	7,2
Accounts receivable and other assets	66,1	52,2	90,3	94,8	99,6
Current income tax claims	0,4	0,1	0,1	0,1	0,1
Cash and cash equivalents	3,3	1,7	0,0	16,1	32,0
Total assets	518,0	450,5	449,8	447,5	453,6
Shareholders' equity and liabilities					
Shareholders' equity	305,5	232,6	284,5	285,0	293,6
as % of total equity and liabilities	59,0%	51,6%	63,3%	63,7%	64,7%
Subscribed capital	92,0	92,0	110,4	110,4	110,4
Capital reserve	213,6	140,7	208,8	208,8	208,8
Treasury stocks	-0,1	-0,1	-0,1	-0,1	-0,1
Other equity items	0,0	0,0	-34,6	-34,1	-25,4
Minority interest on equity	0,0	0,0	0,0	0,0	0,0
Non-current provisions/liabilities	89,9	54,3	51,0	52,4	53,9
as % of total equity and liabilities	17,4%	12,0%	11,3%	11,7%	11,9%
Non-current pension provisions	0,0	0,0	0,0	0,0	0,0
Other non-current provisions	0,0	0,0	0,0	0,0	0,0
Non-current financial liabilities	20,1	16,8	1,7	1,6	1,6
Non-current deferred tax liabilities	0,0	0,0	0,0	0,0	0,0
Other non-current liabilities	69,8	37,5	49,3	50,8	52,3
Current liabilities and provisions	122,6	163,6	114,3	110,1	106,1
as % of total equity and liabilities	23,7%	36,3%	25,4%	24,6%	23,4%
Other provisions	0,0	2,3	2,4	2,4	2,5
Financial liabilities	12,4	61,1	1,8	1,8	1,8
Accounts payable	67,4	64,1	64,1	62,2	60,3
Current prepayments received	0,0	0,0	0,0	0,0	0,0
Tax liabilities	0,1	0,1	0,1	0,1	0,1
Current deferred tax liabilities	0,0	0,0	0,0	0,0	0,0
Other liabilities	42,7	36,0	45,8	43,5	41,4
Advance payments received	0,0	0,0	0,0	0,0	0,0
Total equity and liabilities	518,0	450,5	449,7	447,5	453,6

Source: Borussia Dortmund, FMR

Cash Flow Statement

Bor. Dortmund: Cashflow statement

in EURm (IFRS)	19/20	20/21	21/22	22/23e	23/24e
EBT	-46.6	-73.2	-40.7	10.8	31.3
Depreciation and amortisation	106.1	111.0	107.4	106.3	108.0
Change in pension and similar provisions					
Other transactions incl. non-cash	-41.9	-15.1	3.5	0.8	0.0
Change in Working Capital	-18.0	-6.9	-28.4	-60.0	-69.3
Cashflow from operating activities	-0.4	15.9	41.9	57.9	70.0
CAPEX	-50.9	-62.0	-70.1	-80.0	-50.0
Change in consolidation, net cash	0.0	0.0	0.0	0.0	0.0
Other investing activities	0.1	0.0	0.0	0.0	0.0
Cashflow from investing activities	-50.8	-62.0	-70.1	-80.0	-50.0
Change in debt	0.0	56.9	-74.4	15.0	-0.1
Net proceeds from capital increase & right capital & change in capital reserve	0.0	0.0	86.5	0.0	0.0
Dividend payments	-5.5	0.0	0.0	6.3	8.8
Acquisition of treasury shares & minority stakes	0.0	0.0	0.0	0.0	0.0
Other financing activities	-3.9	-4.4	0.0	-6.1	-6.0
Cashflow from financing activities	-9.4	52.5	12.1	15.2	2.8
Total change in cash and cash equivalents	-60.6	6.4	-16.2	-6.9	22.8
Effect of exchange rate changes on cash	0.0	0.0	0.1	0.0	0.0
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	55.9	-4.7	1.7	-14.3	-21.2
Cash and cash equivalents: End of period	-4.7	1.7	-14.3	-21.2	1.6
of which					
Cash and equivalents	3.3	1.7	0.0	4.5	13.8
Current account	-8.0	0.0	0.0	0.0	0.0

Source: Borussia Dortmund, FMR

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b) Time conditions of expected updates: quarterly

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Company	Disclosure(s)
Borussia Dortmund GmbH & Co. KGaA	vi

Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date (EUR)	Price target (EUR)
23.08.2022	BUY	3.72	5.00
17.11.2022	BUY	3.53	5.00
01.03.2023	BUY	4.26	5.00
15.05.2023	BUY	4.55	5.00
07.06.2023	BUY	4.32	5.00
26.07.2023	BUY	4.27	5.00
22.08.2023	BUY	4.35	5.00
23.05.2024	BUY	4.16	5.00

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Marcus Silbe (CEFA), Head of Research, Senior Equity Analyst

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