

Borussia Dortmund GmbH & Co. KGaA

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BVB continues to work against the COVID-19 pandemic

H1 20/21 with two different quarters: The final H1 20/21 figures now published are in line with our expectations. While EBITDA and EBIT were still clearly negative in Q1 20/21, positive figures were achieved in Q2 20/21: EBITDA: EUR 36.6m; EBIT: EUR 10.2m (see table on p.2). Operating cashflow developed encouragingly in the half-year, remaining virtually stable at EUR 30.9m.

Sporting situation with ups and downs: In the Bundesliga, BVB currently occupies fifth place in the table with 39 points and, in our view, has not yet quite met expectations. The prospect of reaching one of the lucrative Champions League (CL) places has become somewhat more uncertain. We continue to assume that they will succeed in participating in European competition again. The team is still in contention in the DFB Cup as well as in the current CL season. According to our estimates, the victory against Mönchengladbach in the DFB Cup (02.03.) will lead to a premium of less than EUR 3m. The CL second leg against Sevilla FC will take place on 09.03. In addition, Marco Rose will join BVB as the new head coach.

Financial targets still suspended: Mainly due to the uncertain economic situation caused by the COVID-19 pandemic, the annual financial targets are still suspended. Reaching the next rounds in both the DFB Cup and the Champions League competition would be very helpful. We have adjusted our earnings estimates for sales and earnings slightly downward.

Financial base stable despite deterioration in the half-year: Net financial debt stood at EUR 50.4m as of December 31, 2020 (June 30, 2020: EUR 29.1m). In addition to own cost savings, the overdraft facility was doubled to EUR 120m and had been drawn at EUR 28.8m.

We continue to trust the team to achieve its sporting goals for the 2020/21 season. This would also be highly significant economically. We leave our price target at EUR 6.0 per share. Following the recent rise in the share price, we believe that the BVB share has further upside potential.

FY End: 30.06.; in EURm	CAGR (20-22e)	16/17	17/18	18/19	19/20	20/21e	21/22e
Sales	3.2%	405.7	536.0	370.3	370.2	335.2	394.0
EBITDA	15.5%	74.1	137.3	116.0	63.0	23.1	83.9
Margin		18.3%	25.6%	31.3%	17.0%	6.9%	21.3%
EBIT	-71.6%	10.7	39.0	23.5	-43.1	-71.9	-3.5
Margin		2.6%	7.3%	6.3%	-11.7%	-21.4%	-0.9%
Net result	-69.1%	8.2	31.7	17.4	-44.0	-67.6	-4.2
EPS	-69.1%	0.09	0.34	0.19	-0.48	-0.73	-0.05
Dividend per share		0.06	0.06	0.06	0.00	0.00	0.06
EV		420.7	423.1	413.0	416.6	578.8	578.8
EV/Sales		1.0	0.8	1.1	1.1	1.7	1.5
EV/EBITDA		5.7	3.1	3.6	6.6	25.0	6.9
P/E		57.7	14.9	27.2	n.m.	n.m.	n.m.
Net debt/EBITDA		-0.7	-0.4	-0.5	-0.9	-2.2	-0.5

Source: BVB, FMR

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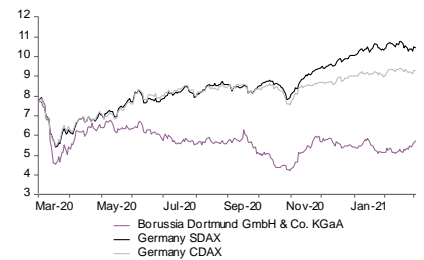
BUY

Before: BUY

Price Target EUR 6.00 (6.00)
Share price* EUR 5.75 (+4.3%)

*last XETRA closing price

Change	19/20	20/21e	21/22e
Sales	0.0	-8.2	-15.3
EBIT	0.0	-1.7	2.0
EPS	0.00	-0.01	0.01



Basic share data

Number of shares (million)	92.0
Free Float (in %)	60%
Market Cap (in EURm)	528.5
Trading volume (Ø)	800k
High (EUR, 52 weeks)	8.00
Low (EUR, 52 weeks)	4.20

Shareholder structure

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

Corporate calendar

Q3 20/21 report	14.05.2021
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Further highlights from H1 20/21 and outlook

- At the end of the first half of the year (December 31), a 25% decline in sales to EUR 177.4m had to be absorbed. Due to the Corona pandemic, matches continue to be held without spectator participation, which is why the Match Operations and Conference, Catering divisions in particular suffered above-average losses, albeit at a rather low level in absolute terms. Advertising was the only area to increase its revenue slightly, by 3.5%. We have moderately reduced our annual estimate for FY 2020/21e by around EUR 8m
- Two new sponsors were acquired, including DEW21 Dortmunder Energie- und Wasserversorgung GmbH (premium partner) and Bybit (Wechain Fintech Pte. Ltd.; champion partner)
- EBITDA halved to EUR 27.3m. Here too, of course, the Corona pandemic is having a negative impact. Internally, the BVB succeeded in reducing personnel expenses by EUR 9.2m compared with the first half of the previous year; this is attributable to a reduction in the number of employees and salary waivers by the licensing team and the coaching team
- Investments of EUR 74.8m went almost exclusively into player assets.

In sporting terms, the team has two exciting weeks ahead of it. After the Bundesliga win over Bielefeld at the weekend, which was to be expected, the team is now in fifth place in the table with 39 points. An improvement in performance was unmistakable. On March 2, the team managed to beat Mönchengladbach 1-0 in the DFB Cup competition. According to our assumption, the club will thus receive a bonus of almost EUR 3m. Next weekend, the team will face Bayern Munich in the Bundesliga.

An important match will also be the Champions League second leg against Sevilla FC on 09.03. in Dortmund. After the 2:3 away win, a draw is already enough for the team to move into the next round. According to our estimates, a success would trigger a premium payment of between EUR 9 and 10m; we do not expect any spectator revenue.

Sporting developments in the coming weeks

Bor. Dortmund: H1 20/21 with two different quarters

EUR m	Q1 20/21	Q2 20/21	Q3 20/21e	Q4 20/21e	FY 20/21e
Sales	56.6	120.8	97.7	60.1	335.2
EBITDA	-9.3	36.6	4.0	-8.2	23.1
EBIT	-35.8	10.2	-25.0	-21.3	-71.9
EBITDA-margin	neg.	30.3%	4.1%	neg.	6.9%
EBIT-margin	neg.	8.5%	neg.	neg.	neg.
Cashflow from operating activities	-14.7	45.7	15.0	-1.4	44.5

Source: BVB, FMR

Valuation

	Present Value (PV)	PV/Share
Roster Value	587	6.38
Discount (to reach marketable roster value)	-40%	
Marketable roster value	352	3.83
Stadium	235	2.55
Brand value	234	2.55
End of Sport Five contract (saved discounted Cash Flow)	232	2.52
1&1 new Jersey sponsor	50	0.54
Total Present Value	1,104	12.00
Net excess cash (as of EO FY 19/20)	-4.7	-0.05
Corona impact on EBITDA	-170.0	-1.85
Fair value	929	10.10
Discount		-40.6%
Target price		6.00

Source: BVB, FMR; PV: in EURm

Appendix

P&L					
in EURm (IFRS)	17/18	18/19	19/20	20/21e	21/22e
Revenues	536.0	370.3	370.2	335.2	394.0
YoY growth	0.0%	-30.9%	0.0%	-9.5%	17.5%
Cost of revenues	-20.1	-21.3	-22.4	-23.5	-24.4
as % of revenues	-3.8%	-5.8%	-6.1%	-7.0%	-6.2%
Gross Profit	515.9	349.0	347.8	311.7	369.6
as % of revenues	96.3%	94.2%	93.9%	93.0%	93.8%
Personnel costs	-186.7	-205.1	-215.1	-202.1	-200.9
as % of revenues	-34.8%	-55.4%	-58.1%	-60.3%	-51.0%
Other operating income/expenses	-191.9	-27.9	-69.8	-86.5	-84.7
as % of revenues	-35.8%	-7.5%	-18.8%	-25.8%	-21.5%
EBITDA reported	137.3	116.0	63.0	23.1	83.9
as % of revenues	25.6%	31.3%	17.0%	6.9%	21.3%
Depreciation and amortisation (incl. PPA)	-98.3	-92.5	-106.1	-95.0	-87.4
as % of revenues	-18.3%	-25.0%	-28.7%	-28.3%	-22.2%
Reported EBIT	39.0	23.5	-43.1	-71.9	-3.5
as % of revenues	7.3%	6.3%	-11.7%	-21.4%	-0.9%
Net financial results incl. equity results	-4.4	-1.7	-3.5	-1.4	-1.5
EBT (Earnings before income taxes)	34.6	21.8	-46.6	-73.3	-4.9
as % of revenues	6.5%	5.9%	-12.6%	-21.9%	-1.3%
Income taxes	-2.9	-4.4	2.6	5.7	0.7
as % of EBT	-8.4%	-20.2%	-5.6%	-7.8%	-15.0%
Income from continuing operations	31.7	17.4	-44.0	-67.6	-4.2
as % of revenues	5.9%	4.7%	-11.9%	-20.2%	-1.1%
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	-67.6	-4.2
Minorities	0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders	31.7	17.4	-44.0	-67.6	-4.2
as % of revenues	5.9%	4.7%	-11.9%	-20.2%	-1.1%
Shares outstanding (in m)	92.0	92.0	92.0	92.0	92.0
Basic earnings per share (EUR)	0.34	0.19	-0.48	-0.73	-0.05

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	432.5	415.2
as % of total assets	72.4%	74.3%	85.2%	86.9%	83.6%
Intangible assets (incl. Goodwill)	120.3	163.7	229.7	224.7	214.7
Property, plant and equipment	180.7	184.0	193.0	189.0	181.7
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	18.4	18.4
Current assets	134.2	128.4	76.5	65.3	81.5
as % of total assets	27.6%	25.7%	14.8%	13.1%	16.4%
Inventories	5.6	4.6	6.8	6.6	6.8
Accounts receivable and other assets	68.5	66.1	66.1	56.8	59.1
Current income tax claims	0.6	1.8	0.4	0.4	0.4
Cash and cash equivalents	59.5	55.9	3.3	1.5	15.2
Total assets	485.6	500.1	518.0	497.9	496.7
Shareholders' equity and liabilities					
Shareholders' equity	343.6	354.9	305.5	237.9	233.7
as % of total equity and liabilities	70.8%	71.0%	59.0%	47.8%	47.1%
Subscribed capital	92.0	92.0	92.0	92.0	92.0
Capital reserve	251.7	263.0	213.6	213.6	213.6
Treasury stocks	-0.1	-0.1	-0.1	-0.1	-0.1
Other equity items	0.0	0.0	0.0	-67.6	-71.8
Minority interest on equity	0.0	0.0	0.0	0.0	0.0
Non-current provisions/liabilities	24.1	18.8	89.9	91.6	95.3
as % of total equity and liabilities	5.0%	3.8%	17.4%	18.4%	19.2%
Non-current pension provisions	0.0	0.0	0.0	0.0	0.0
Other non-current provisions	1.1	1.7	0.2	0.2	0.2
Non-current financial liabilities	6.7	8.4	20.1	21.1	21.3
Non-current deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	16.3	8.7	69.6	70.3	73.8
Current liabilities and provisions	117.9	126.4	122.6	168.3	167.7
as % of total equity and liabilities	24.3%	25.3%	23.7%	33.8%	33.8%
Other provisions	24.7	25.5	3.6	3.7	3.8
Financial liabilities	2.0	3.1	12.4	31.7	32.7
Accounts payable	54.6	60.7	67.4	74.2	74.2
Current prepayments received	0.0	0.0	0.0	0.0	0.0
Tax liabilities	2.0	3.5	0.0	0.0	0.0
Current deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Other liabilities	34.7	33.7	39.1	58.7	56.9
Advance payments received	0.0	0.0	0.0	0.0	0.0
Total equity and liabilities	485.6	500.1	518.0	497.9	496.7

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	-73.3	-4.9
Depreciation and amortisation	90.6	90.1	106.1	95.0	87.4
Change in pension and similar provisions					
Other transactions incl. non-cash	48.8	-88.9	-41.9	-13.0	5.6
Change in Working Capital	-3.6	5.7	-18.0	35.8	-4.0
Cashflow from operating activities	170.4	28.7	-0.4	44.5	84.0
CAPEX	-142.7	-23.6	-50.9	-86.0	-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	-86.0	-70.1
Change in debt	0.0	0.0	0.0	20.3	1.2
Net proceeds from capital increase & right capital & change in capital reserve	0.0	0.0	0.0	0.0	0.0
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	-1.4	-1.5
Cashflow from financing activities	-17.4	-8.8	-9.4	18.9	-0.3
Total change in cash and cash equivalents	10.2	-3.6	-60.6	-22.6	13.6
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	49.3	59.5	55.9	-4.7	-27.3
Cash and cash equivalents: End of period	59.5	55.9	-4.7	-27.3	-13.6
of which					
Cash and equivalents	59.5	55.9	3.3	1.5	15.2
Current account	0.0	0.0	-8.0	-28.8	-28.8

Source: BVB, FMR

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- b) Time conditions of expected updates: quarterly
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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)
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
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

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