

Borussia Dortmund GmbH & Co. KGaA

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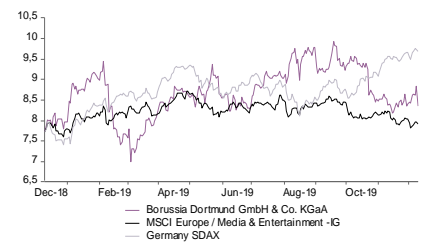
BUY

Before: BUY

Price Target EUR 10.50 (10.50)
Share price* EUR 8.35 (+26%)

*last XETRA closing price

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



Source: Factset

BVB qualifies for Champions League Round of 16

Group stage ends with important win: Yesterday evening BVB played their last group match in the Champions League against Slavia Prague, which they won 2-1. Due to the points situation and the direct comparison with Inter Milan, BVB had to score at least 1 point more than Inter to qualify. Since Inter Milan lost at home 1-2 against FC Barcelona, BVB is now qualified as second in the group for the Champions League Round of 16.

Qualification for Round of 16: The BVB reached a total of 10 points (Barcelona 14, Inter 7) with 3 wins and 1 draw. BVB has thus generated fixed bonuses of EUR 33.75m (EUR 15.25m starting bonus, EUR 9m for points in the group phase and EUR 9.5m for qualifying for the Round of 16). If BVB had not won and therefore not qualified for the Round of 16, the premiums would have been EUR 10.2m lower (assumption: draw against Slavia Prague).

BVB currently in good shape in all 3 competitions: With the qualification BVB has managed to be in a promising position in all 3 competitions. The CL Round of 16 will take place in the week of 18/19.2 and 25/26.2 (draw on 16.12.19). In the National Cup the BVB is also in the Round of 16 and plays on 4th February an away game against Werder Bremen. In the Bundesliga the BVB has developed well in the last weeks and is currently ranked at 3 with 26 points after the 14th matchday. Borussia Mönchengladbach continues to occupy first place with 31 points, followed by RB Leipzig with 30 points. Currently BVB has a 1 point lead on 5th place (SC Freiburg) and a 2 points lead on 7th place (FC Bayern Munich).

Stock risks avoided; BUY confirmed: The game yesterday was a trigger for the stock and with the victory and the qualification a possible negative stock momentum was averted. Currently, BVB is in a good position to achieve the expected goals in all competitions. The share should now build up a positive momentum again. We confirm our BUY recommendation.

Basic share data

Number of shares (million)	92
Free Float (in %)	60%
Market Cap (in million EUR)	768
Trading volume (Ø)	283k
High (EUR, 52 weeks)	10.29
Low (EUR, 52 weeks)	5.33

Shareholder structure

Evonik Industries	14.8%
Bernd Geske	9.4%
Free float, others	75.8%

Corporate calendar

National Cup Round of 16	04.02.2020
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ODDO SEYDLER

FY End: 30.06; in EURm	CAGR (18-21e)	16/17	17/18	18/19	19/20e	20/21e	21/22e
Sales	1.2%	405.7	536.0	489.5	470.5	483.7	507.7
EBITDA	-1.9%	74.1	137.3	116.0	104.8	101.7	109.6
Margin		18.3%	25.6%	23.7%	22.3%	21.0%	21.6%
EBIT	26.8%	10.7	39.0	23.5	19.6	23.9	48.0
Margin		2.6%	7.3%	4.8%	4.2%	4.9%	9.4%
net result	28.5%	8.2	31.7	17.4	14.2	17.6	36.9
EPS	28.5%	0.09	0.34	0.19	0.15	0.19	0.40
Dividend per share		0.06	0.06	0.06	0.06	0.06	0.06
EV		716.5	718.9	708.7	712.3	739.3	719.3
EV/Sales		1.8	1.3	1.4	1.5	1.5	1.4
EV/EBITDA		9.7	5.2	6.1	6.8	7.3	6.6
P/E		93.9	24.2	44.2	54.1	43.7	20.8
Net debt/EBITDA		-0.7	-0.4	-0.5	-0.5	-0.3	-0.4

Source: BVB, FMR

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)	255	2.77
Total Present Value	1,152	12.52
Net excess cash (as of EO FY 18/19)	39.1	0.43
Fair value	1,191	12.95

Source: BVB, FMR

Appendix

P&L							
	in EURm	16/17	17/18	18/19	19/20e	20/21e	21/22e
Revenues		405.7	536.0	489.5	470.5	483.7	507.7
YoY growth		7.8%	32.1%	-8.7%	-3.9%	2.8%	5.0%
Cost of revenues		-25.9	-20.1	-21.3	-26.2	-27.4	-26.9
as % of revenues		-6.4%	-3.7%	-4.3%	-5.6%	-5.7%	-5.3%
Gross profit		379.8	515.9	468.3	444.3	456.3	480.9
as % of revenues		93.6%	96.3%	95.7%	94.4%	94.3%	94.7%
Personnel costs		-177.9	-186.7	-205.1	-209.2	-220.3	-228.3
as % of revenues		-43.9%	-34.8%	-41.9%	-44.5%	-45.5%	-45.0%
Other operating income/expenses		-127.7	-191.9	-147.2	-130.3	-134.2	-142.9
as % of revenues		-31.5%	-35.8%	-30.1%	-27.7%	-27.8%	-28.1%
Reported EBITDA		74.1	137.3	116.0	104.8	101.7	109.6
as % of revenues		18.3%	25.6%	23.7%	22.3%	21.0%	21.6%
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%	-18.1%	-16.1%	-12.1%
Reported EBIT		10.7	39.0	23.5	19.6	23.9	48.0
as % of revenues		2.6%	7.3%	4.8%	4.2%	4.9%	9.4%
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	18.1	22.4	46.5
as % of revenues		2.2%	6.5%	4.5%	3.9%	4.6%	9.1%
Income taxes		-0.9	-2.9	-4.4	-3.9	-4.8	-9.6
as % of EBT		-10.0%	-8.5%	-20.3%	-21.7%	-21.3%	-20.6%
Income from continuing operations		8.2	31.7	17.4	14.2	17.6	36.9
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	14.2	17.6	36.9
Minorities		0.0	0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders		8.2	31.7	17.4	14.2	17.6	36.9
Net margin in %		2.0%	5.9%	3.6%	3.0%	3.6%	7.3%
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	0.15	0.19	0.40

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	420.1	412.3	420.8
as % of total assets			74.1%	72.4%	74.3%	79.0%	73.5%	68.8%
Intangible assets (incl. Goodwill)			141.5	120.3	163.7	206.9	190.4	190.0
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	112.0	148.6	191.0
as % of total assets			25.9%	27.6%	25.7%	21.0%	26.5%	31.2%
Inventories			9.0	5.6	4.6	14.1	14.5	15.2
Accounts receivable and other assets			65.3	68.5	66.1	68.3	84.5	89.2
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	28.9	48.9	85.8
Total assets			478.6	485.6	500.1	532.1	560.9	611.7
Shareholders' equity and liabilities								
Shareholders' equity			312.3	343.6	354.9	363.5	381.1	418.0
as % of total equity and liabilities			65.3%	70.8%	71.0%	68.3%	67.9%	68.3%
Subscribed capital			92.0	92.0	92.0	92.0	92.0	92.0
Capital reserve			220.4	251.7	263.0	271.6	289.2	326.1
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	363.5	381.1	418.0
Minorities			0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities and provisions			139.7	117.9	126.4	147.2	158.5	172.4
as % of total equity and liabilities			29.2%	24.3%	25.3%	27.7%	28.3%	28.2%
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	64.5	66.3	69.6
Tax liabilities			0.7	2.0	3.5	2.0	2.0	2.0
Other provisions			21.9	24.7	25.5	31.7	36.4	41.9
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%	4.0%	3.8%	3.5%
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	532.1	560.9	611.7

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	18.1	22.4	46.5
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	8.0	0.7	-4.1
Change in Working Capital	31.5	-3.6	0.0	13.0	-5.4	8.5
Cash flow from operating activities	110.4	170.4	144.5	124.3	95.6	112.6
CAPEX	-104.7	-142.8	-139.3	-137.1	-70.1	-70.1
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	-140.1	-70.1	-70.1
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	-26.9	20.0	36.9
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	28.9	48.9
Cash and cash equivalents at year's end	49.3	59.5	55.9	28.9	48.9	85.8

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), 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.
- e) The analysis was made available to the issuer, to the extent that is legally permissible, before publication and was not amended thereafter.
- 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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Company	Disclosure(s)
Borussia Dortmund GmbH & Co. KGaA	-

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

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

4. Creation and distribution

a) Responsibility for creation and distribution

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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5. Investment recommendation details

Investment recommendation details - stocks:

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.

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

6. Sensitivity of the evaluation parameters

The figures from profit and loss calculations, cash flow statements and balance sheets which form the basis of the company evaluation are date-related estimates and therefore subject to risks. These may change at any time without prior notice. Regardless of the evaluation methods used, there are significant risks that the price goal/trend will not be achieved within the expected time frame. The risks include unforeseeable changes with regard to competition pressure, demand for the products of an issuer and the offer situation with respect to materials required for production as well as non-occurrence of the assumed development. Such deviations may be the result of changes relating to technology and changes relating to the economy, legal situation and exchange rates. No claim is made that this statement of evaluation methods and risk factors is complete.

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