

Borussia Dortmund GmbH & Co. KGaA

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

Sancho facing to move to ManU

BVB: Departure of winger J. Sancho just ahead: BVB has reported the intended transfer of J. Sancho to Manchester United. The probable transfer is still subject to the usual caveats, in particular medical tests and compliance with FIFA Transfer Regulations (FIFA TMS), as well as coordination with the player's previous club. We assume that the transfer will be completed.

Sporting implications: With the start of the transfer period on 01.07.21 to 31.08.21, BVB promptly reported the intended departure of the player J. Sancho, which is a loss in sporting terms and will weaken the offensive power of the team. In our opinion, BVB will look for a "replacement" in the offensive area.

Economic implications: BVB will receive a considerable transfer fee of EUR 85m. The player was purchased in 2017 for around EUR 8m. According to the company, the positive effect on EBITDA or EBIT is quantified at ~EUR 56m and will be recognized in Q1 21/22e. These figures suggest a residual book value of around EUR 29m. Assuming a normalized tax rate of 30%, our calculation results in an isolated positive EPS effect of around EUR 0.40. Subject to further transactions (player purchases), the earnings turnaround would thus be possible one year earlier than we previously expected. As the transfer has not yet been finalized, we have not yet included it in our model and valuation. The reduction in the market value of the team is initially offset by the inflow of liquidity

As formulated in our last update, we believe transfer deals like this are a positive driver for the BVB share price. In addition, we see the possible return of spectators to the stadiums under "Corona"- conditions as another positive factor. We confirm our BUY recommendation.

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	329.7	378.0
EBITDA	9.0%	74.1	137.3	116.0	63.0	32.6	74.8
Margin		18.3%	25.6%	31.3%	17.0%	9.9%	19.8%
EBIT	-46.1%	10.7	39.0	23.5	-43.1	-62.4	-12.6
Margin		2.6%	7.3%	6.3%	-11.7%	-18.9%	-3.3%
Net result	-48.2%	8.2	31.7	17.4	-44.0	-74.8	-11.8
EPS	-48.2%	0.09	0.34	0.19	-0.48	-0.81	-0.13
Dividend per share		0.06	0.06	0.06	0.00	0.00	0.06
EV		420.7	423.1	413.0	416.6	633.6	633.6
EV/Sales		1.0	0.8	1.1	1.1	1.9	1.7
EV/EBITDA		5.7	3.1	3.6	6.6	19.4	8.5
P/E		57.7	14.9	27.2	n.m.	n.m.	n.m.
Net debt/EBITDA	1.0%	-0.7	-0.4	-0.5	-0.9	-1.6	-0.6

Source: BVB, FMR

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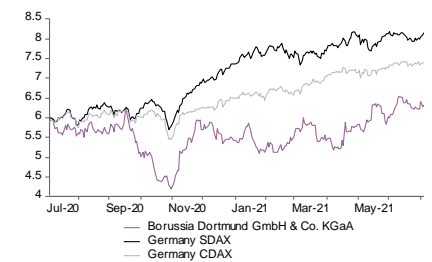
BUY

Before: BUY

Price Target EUR 6.80 (6.80)
Share price* EUR 6.32 (+7,6%)

*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	0.00	0.00	0.00



Basic share data

Number of shares (million)	92.0
Free Float (in %)	60%
Market Cap (in EURm)	581.4
Trading volume (Ø)	170.6k
High (EUR, 52 weeks)	6.60
Low (EUR, 52 weeks)	4.20

Shareholder structure

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

Corporate calendar

Publ. Annual report 20/21	Mid August 2021
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Valuation

Bor. Dortmund: Valuation

EURm	05.07.2021	
	Present Value (PV)	PV/Share, EUR
Team squad value	587.0	6.38
Discount (to reach marketable team squad value)	-30%	
Marketable team squad value	410.9	4.47
Stadium	235.0	2.55
Brand value	234.0	2.54
End of Sport Five contract (saved, discounted CF)	232.0	2.52
1 & 1 neuer jersey sponsor	50.0	0.54
Total Present Value	1,161.9	12.63
Net excess cash (as of EO FY 19/20)	-4.7	-0.05
Corona impact on EBITDA	-119.0	-1.29
Fair value	1,038.2	11.28
Discount		-40%
Price target		6.77

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

Sport events calendar

01.07. – 31.08.	Transfer period (Bundesliga)
23.07. – 31.07.	Training Camp (five test matches are planned)
06.08. – 09.08.	First main round in the DFB Cup
13.08. – 15.08.	First matchday of the new Bundesliga season 21/22; opponent: Eintracht Frankfurt; subsequent matches against SC Freiburg and TSG Hoffenheim
17.08.	Super Cup final: BVB – Bayern Munich
26.08.	Draw for group stage of UEFA Champions League (UCL)
14.09. – 15.09.	1st matchday UCL group stage
28.09. – 29.09.	2nd matchday UCL group stage
14.05.'22	Bundesliga: Last matchday
28.05.'22	UCL Final (St. Petersburg)

Appendix

P&L					
in EURm (IFRS)	17/18	18/19	19/20	20/21e	21/22e
Revenues	536.0	370.3	370.2	329.7	378.0
YoY growth	0.0%	-30.9%	0.0%	-10.9%	14.6%
Cost of revenues	-20.1	-21.3	-22.4	-21.4	-23.4
as % of revenues	-3.8%	-5.8%	-6.1%	-6.5%	-6.2%
Gross Profit	515.9	349.0	347.8	308.3	354.6
as % of revenues	96.3%	94.2%	93.9%	93.5%	93.8%
Personnel costs	-186.7	-205.1	-215.1	-197.8	-196.6
as % of revenues	-34.8%	-55.4%	-58.1%	-60.0%	-52.0%
Other operating income/expenses	-191.9	-27.9	-69.8	-77.8	-83.2
as % of revenues	-35.8%	-7.5%	-18.8%	-23.6%	-22.0%
EBITDA reported	137.3	116.0	63.0	32.6	74.8
as % of revenues	25.6%	31.3%	17.0%	9.9%	19.8%
Depreciation and amortisation (incl. PPA)	-98.3	-92.5	-106.1	-95.0	-87.4
as % of revenues	-18.3%	-25.0%	-28.7%	-28.8%	-23.1%
Reported EBIT	39.0	23.5	-43.1	-62.4	-12.6
as % of revenues	7.3%	6.3%	-11.7%	-18.9%	-3.3%
Net financial results incl. equity results	-4.4	-1.7	-3.5	-1.9	-1.3
EBT (Earnings before income taxes)	34.6	21.8	-46.6	-64.2	-13.9
as % of revenues	6.5%	5.9%	-12.6%	-19.5%	-3.7%
Income taxes	-2.9	-4.4	2.6	-10.6	2.1
as % of EBT	-8.4%	-20.2%	-5.6%	16.5%	-15.0%
Income from continuing operations	31.7	17.4	-44.0	-74.8	-11.8
as % of revenues	5.9%	4.7%	-11.9%	-22.7%	-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	-74.8	-11.8
Minorities	0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders	31.7	17.4	-44.0	-74.8	-11.8
as % of revenues	5.9%	4.7%	-11.9%	-22.7%	-3.1%
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	-0.81	-0.13

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%	85.0%
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	65.1	73.4
as % of total assets	27.6%	25.7%	14.8%	13.1%	15.0%
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	1.2	7.2
Total assets	485.6	500.1	518.0	497.6	488.7
Shareholders' equity and liabilities					
Shareholders' equity	343.6	354.9	305.5	230.7	218.9
as % of total equity and liabilities	70.8%	71.0%	59.0%	46.4%	44.8%
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	-74.8	-86.6
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%	19.5%
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	175.3	174.5
as % of total equity and liabilities	24.3%	25.3%	23.7%	35.2%	35.7%
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	65.7	63.7
Advance payments received	0.0	0.0	0.0	0.0	0.0
Total equity and liabilities	485.6	500.1	518.0	497.6	488.7

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	-64.2	-13.9
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	-32.2	9.0
Change in Working Capital	-3.6	5.7	-18.0	42.8	-4.2
Cashflow from operating activities	170.4	28.7	-0.4	41.4	78.3
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	-1.9	-1.3
Cashflow from financing activities	-17.4	-8.8	-9.4	18.5	-0.2
Total change in cash and cash equivalents	10.2	-3.6	-60.6	-26.2	8.0
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	-30.8
Cash and cash equivalents: End of period	59.5	55.9	-4.7	-30.8	-22.8
of which					
Cash and equivalents	59.5	55.9	3.3	1.2	7.2
Current account	0.0	0.0	-8.0	-32.0	-30.0

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)
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

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