

Borussia Dortmund GmbH & Co KGaA

Outperform → | Target price : 5.00 €

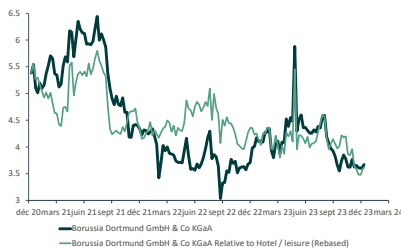
Price (09/01/2024) : 3.67 € | Upside : 36%

Revision	06/24e	06/25e
EPS	ns	ns

CEO Hans-Joachim Watzke to retire from management

Publication date 10/01/2024 07:15

Writing date 09/01/2024 16:15



Sources : ODDO BHF Securities, SIX

Share data	
BVB GY BVB.PR	
Market Cap (€m)	405
Enterprise value (€m)	512
Extrema 12 months (€)	3.55 - 5.88
Free Float (%)	67.2

Performance (%)	1m	3m	12m
Absolute	1.2	-3.2	-11.3
Perf. rel. Country Index	0.2	-10.0	-16.7
Perf. rel. Hotel / Leisure	-0.6	-12.2	-18.1

P&L	06/24e	06/25e	06/26e
Sales (€m)	427	447	459
EBITDA (€m)	113	115	118
Current EBIT (€m)	22.6	24.7	28.3
Attr. net profit (€m)	16.9	18.5	22.3
Adjusted EPS (€)	0.15	0.17	0.20
Dividend (€)	0.06	0.06	0.06
P/E (x)	24.0	21.8	18.1
P/B (x)	1.4	1.3	1.2
Dividend Yield (%)	1.6	1.6	1.6
FCF yield (%)	ns	ns	ns
EV/Sales (x)	1.20	1.06	0.94
EV/EBITDA (x)	4.5	4.1	3.6
EV/Current EBIT (x)	22.7	19.2	15.2
Gearing (%)	36	22	7
Net Debt/EBITDA (x)	0.9	0.6	0.2

Hans-Joachim Watzke to leave the management in the autumn of 2025

On Monday (8 January 2024), the company issued an ad-hoc release that Hans-Joachim Watzke, CEO of Borussia Dortmund GmbH & Co. KGaA, will not extend his managing director's employment contract, which currently runs until the end of 2025, and that he will step down from management in the autumn of 2025.

A successful era – both in terms of commercial and sporting success

Mr Watzke was appointed as the managing director of Borussia Geschäftsführungs-GmbH on 15 February 2005 at the height of the club's existential crisis and has significantly influenced the development of the club. He witnessed the successful era of BVB under coach Jürgen Klopp with two German championship titles in 2011 and 2012 and the Champions League final in 2013. The club also won the German cup (DFB-Pokal) three times (2012, 2017, 2021).

As Mr Watzke is to remain in his position until the autumn of 2025, we believe that the club has enough time to find a suitable successor.

An announcement at a difficult time for the club

In our view, Mr Watzke's decision to leave the management in autumn of 2025 comes at a difficult time for the club, which is currently struggling in the Bundesliga. After 16 games (out of 34) played, BVB is in fifth place and six points behind the fourth place in the Bundesliga, which automatically qualifies for the financially lucrative competition in the group stage of the UEFA Champions' League. We believe that the participation in the UEFA Champions League will be the main driver for higher revenues and earnings in the coming years.

However, with upside of more than 35% to our target price (€ 5.00), we confirm our Outperform recommendation. BVB is trading at 1.2x 2023-24e EV/sales, below its 5-year historical average of 1.57x and also at a discount to its peers Manchester United (4.76x) and Olympique Lyonnais Groupe (2.15x).

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BVB.PR | BVB GY
Leisure | Germany

Outperform

Price 3.67 €

Upside 36.24%

TP 5.00 €

PER SHARE DATA (€)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Adjusted EPS	0.19	-0.48	-0.79	-0.29	0.09	0.15	0.17	0.20
Reported EPS	0.19	-0.48	-0.79	-0.29	0.09	0.15	0.17	0.20
Growth in adjusted EPS	-	ns	ns	ns	ns	76.8%	9.8%	20.5%
Net dividend per share	0.06	0.00	0.00	0.00	0.00	0.06	0.06	0.06
FCF to equity per share	-1.20	-1.73	-0.82	-0.42	-0.85	-0.74	-0.49	-0.46
Book value per share	3.86	3.32	2.53	2.47	2.56	2.71	2.82	2.96
Number of shares market cap (m)	92.00	92.00	92.00	110.40	110.40	110.40	110.40	110.40
Number of diluted shares (m)	92.00	92.00	92.00	110.40	110.40	110.40	110.40	110.40
VALUATION (€m)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
12m highest price (€)	9.81	9.68	9.26	6.70	4.47	5.88	3.67	
12m lowest price (€)	4.86	6.83	4.11	4.12	3.03	3.55	3.59	
(*) Reference price (€)	7.76	7.85	5.45	4.62	3.96	3.67	3.67	3.67
Capitalization	714	722	501	510	437	405	405	405
Restated Net debt	-15.0	43.8	86.3	28.3	54.5	107	68.3	24.1
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value	699	766	587	538	492	512	473	429
P/E (x)	41.0	ns	ns	ns	45.8	24.0	21.8	18.1
P/CF (x)	24.9	ns	11.9	5.8	8.4	15.2	10.8	9.7
Net Yield	0.8%	0.0%	0.0%	0.0%	0.0%	1.6%	1.6%	1.6%
FCF yield	ns	ns	ns	ns	ns	ns	ns	ns
P/B incl. GW (x)	2.01	2.36	2.15	1.87	1.55	1.35	1.30	1.24
P/B excl. GW (x)	2.01	2.36	2.15	1.87	1.55	1.35	1.30	1.24
EV/Sales (x)	1.89	2.07	1.76	1.53	1.18	1.20	1.06	0.94
EV/EBITDA (x)	6.0	12.2	15.1	6.4	4.0	4.5	4.1	3.6
EV/Current EBIT (x)	29.7	ns	ns	ns	29.1	22.7	19.2	15.2
(*) historical average price								
PROFIT AND LOSS (€m)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Sales	370	370	334	352	418	427	447	459
EBITDA	116	63	39.0	84	123	113	115	118
Depreciations	-92.5	-106.1	-111.0	-109.8	-106.3	-90.5	-90.4	-90.2
Current EBIT	23.5	-43.1	-72.1	-26.0	16.9	22.6	24.7	28.3
Published EBIT	23.5	-43.1	-72.1	-26.0	16.9	22.6	24.7	28.3
Net financial income	-1.7	-3.4	-1.1	-4.2	-6.1	-2.7	-2.9	-2.0
Corporate Tax	-4.4	2.6	0.3	-1.7	-1.2	-3.0	-3.3	-3.9
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attributable net profit	17.4	-44.0	-72.8	-31.9	9.6	16.9	18.5	22.3
Adjusted attributable net profit	17.4	-44.0	-72.8	-31.9	9.6	16.9	18.5	22.3
BALANCE SHEET (€m)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible assets	164	230	193	128	170	183	191	200
Tangible fixed assets	184	193	183	172	182	187	180	173
WCR	11.1	-65.5	-39.4	13.6	11.1	11.1	11.1	11.2
Financial assets	23.2	20.4	10.0	24.7	11.5	60.7	29.5	-3.4
Ordinary shareholders equity	355	305	233	273	283	300	312	327
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders equity	355	305	233	273	283	300	312	327
Non-current provisions	42.1	28.3	28.5	37.1	37.3	34.8	32.3	29.8
Net debt	-15.0	43.8	86.3	28.3	54.5	107	68.3	24.1
CASH FLOW STATEMENT (€m)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
EBITDA	116.0	63.0	39.0	83.8	123.2	113.1	115.2	118.5
Change in WCR	0.0	76.6	-26.1	-53.0	2.5	0.0	0.0	0.0
Interests & taxes	-2.6	0.4	-0.3	3.9	5.1	-2.5	-2.9	-3.7
Others	-84.7	-140.4	3.4	0.3	-76.4	-83.9	-74.8	-73.0
Operating Cash flow	28.7	-0.4	16.0	35.0	54.4	26.7	37.4	41.7
CAPEX	-139.4	-158.9	-91.7	-81.1	-147.9	-108.5	-92.0	-92.1
Free cash-flow	-110.7	-159.3	-75.7	-46.1	-93.4	-81.8	-54.6	-50.4
Acquisitions / disposals	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	0.0
Dividends	-5.5	-5.5	0.0	0.0	0.0	0.0	-6.6	-6.6
Net capital increase	0.0	0.0	0.0	86.5	0.0	0.0	0.0	0.0
Others	-3.3	-3.9	-4.4	-4.4	-5.4	-2.5	-2.5	-2.5
Change in net cash	-	-58.8	-42.5	58.0	-26.2	-52.8	39.0	44.2
GROWTH MARGINS PRODUCTIVITY	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Sales growth	-	0.0%	-9.7%	5.2%	18.9%	2.1%	4.8%	2.6%
Lfl sales growth	-	-	-	-	-	-	-	-
Current EBIT growth	-	ns	ns	ns	ns	33.6%	9.3%	14.5%
Growth in adjusted EPS	-	ns	ns	ns	ns	76.8%	9.8%	20.5%
Net margin	4.7%	-11.9%	-21.8%	-9.1%	2.3%	4.0%	4.1%	4.9%
EBITDA margin	31.3%	17.0%	11.7%	23.8%	29.5%	26.5%	25.7%	25.8%
Current EBIT margin	6.3%	-11.7%	-21.6%	-7.4%	4.0%	5.3%	5.5%	6.2%
CAPEX / Sales	-37.6%	-42.9%	-27.4%	-23.1%	-35.4%	-25.4%	-20.6%	-20.1%
WCR / Sales	3.0%	-17.7%	-11.8%	3.9%	2.6%	2.6%	2.5%	2.4%
Tax Rate	20.3%	5.6%	0.5%	-5.6%	11.4%	15.0%	15.0%	15.0%
Normative tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Asset Turnover	-	1.0	1.0	1.1	1.2	1.1	1.2	1.2
ROCE post-tax (normative tax rate)	-	-8.4%	-14.5%	-5.6%	3.5%	4.3%	4.5%	5.2%
ROCE post-tax hors GW (normative tax rate)	-	-8.4%	-14.5%	-5.6%	3.5%	4.3%	4.5%	5.2%
ROE	-	-13.3%	-27.1%	-12.6%	3.4%	5.8%	6.1%	7.0%
DEBT RATIOS	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Gearing	-4%	14%	37%	10%	19%	36%	22%	7%
Net Debt / Market Cap	-0.02	0.06	0.17	0.06	0.12	0.26	0.17	0.06
Net debt / EBITDA	-0.13	0.70	2.22	0.34	0.44	0.95	0.59	0.20
EBITDA / net financial charges	68.0	18.3	34.2	19.7	20.0	41.1	39.6	58.6

Sources: ODDO BHF Securities, SIX



• **Valuation method**

Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on ODDO BHF' website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

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Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).

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Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
30/11/23	Outperform	5.00	3.66	Klaus Breitenbach

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		Outperform	Neutral	Underperform
Our whole coverage	(677)	53%	37%	10%
Liquidity providers coverage	(81)	53%	36%	11%
Research service coverage	(52)	67%	17%	15%
Investment banking services	(33)	55%	42%	3%

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