

Borussia Dortmund GmbH & Co. KGaA

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

Q1 revenues better than expected; CL KO-stage in sight

Q1 revenues better than expected: On Friday the company published its preliminary Q1 figures. The final report will be published on November 14. Overall, it can be seen that BVB ex Transfers continued to grow and with a YoY growth of 15.4% was even slightly above our expectations of approx. 10%. Group sales in Q1 stood at EUR 175.2m, 32.6% above the previous year, mostly due to the approx. EUR 30m higher transfer revenues (EUR 70m vs. EUR 41m). Excluding transfers, sales nevertheless increased by EUR 14m.

Segment-sales in detail: Match operations declined by EUR 2.0m to EUR 8.6m (FMRe: EUR 8.7m); advertising increased by EUR 3m to EUR 24.1m (FMRe: EUR 23.8m), TV marketing increased by EUR 4.3m to EUR 51.2m (FMRe: EUR 50.5m), Merchandising climbed by EUR 2.4m to EUR 9.0m (FMRe: EUR 8.0m) and Conference & Catering rose to EUR 12.2m (FMRe: EUR 9.0m).

Personnel expenses above expectations: EBITDA in Q1 reached EUR 25.0m, which is almost EUR 2m above the previous year (Q1 18/19: EUR 22.8m). EBITDA thus rose slightly despite higher personnel costs. Personnel costs of EUR 55.5m were above our expectations of ca. EUR 50m. We had previously expected personnel costs of EUR 209.2m for the full year. We will monitor personnel costs in the coming quarters and adjust our model accordingly.

CL in line; Bundesliga a bit sluggish: After winning 3:2 against Inter Milan last week, BVB now has good chances for the KO stage. With the remaining 2 games in the group phase, 4 points would be enough to get directly ahead. With less points BVB depends on FC Barcelona for help (because BVB is behind in the direct comparison against Inter). In the Bundesliga, the defeat against FC Bayern on the weekend was certainly not helpful, but they are still only 2 points behind the important CL-qualification ranks (ranks 2-4 have all 21 points vs. BVB's 19 points). Should BVB qualify for the KO stage, this should help to regain stock momentum. **BUY** confirmed.

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		732.1	734.5	724.4	728.0	754.9	734.9
EV/Sales		1.8	1.4	1.5	1.5	1.6	1.4
EV/EBITDA		9.9	5.3	6.2	6.9	7.4	6.7
P/E		95.8	24.7	45.1	55.2	44.6	21.3
Net debt/EBITDA		-0.7	-0.4	-0.5	-0.5	-0.3	-0.4

Source: BVB, FMR

Published: 11th November 2019

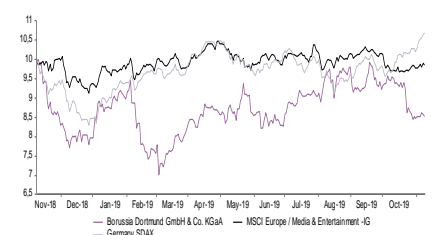
BUY

Before: BUY

Price Target **EUR 10.50 (10.50)**
Share price* EUR 8.52 (+23%)

*last XETRA closing price

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



Source: Factset

Basic share data

Number of shares (million)	92
Free Float (in %)	60%
Market Cap (in million EUR)	784
Trading volume (Ø)	283k
High (EUR, 52 weeks)	10.29
Low (EUR, 52 weeks)	5.33

Shareholder structure

Evonik Industries	14.8%
Bernd Geske	9.3%
Free float, others	75.9%

Corporate calendar

Q1 19/20 report	14.11.2019
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Analyst

Marcus Silbe, CEFA
Head of Research

marcus.silbe@fmr-research.de
+49 (0) 69 - 920 389 12

Contact

FMR Frankfurt Main Research AG
Schillerstrasse 16
60313 Frankfurt am Main
Germany

+49 (0) 69 - 920 389 10
www.fmr-research.de

In cooperation with:



ODDO SEYDLER

Valuation

	Present Value (PV)	PV/Aktie
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)	249	2.70
Total Present Value	1,146	12.46
Net excess cash (as of EO FY 18/19)	39.1	0.43
Fair value	1,185	12.88

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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Borussia Dortmund GmbH & Co. KGaA	iii, vi

Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date	Price target
24.05.2019	BUY	9.10	10.50
16.08.2019	BUY	9.00	10.50
11.11.2019	BUY	8.52	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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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.

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