

Borussia Dortmund GmbH & Co. KGaA

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

Published: 22.11.2019

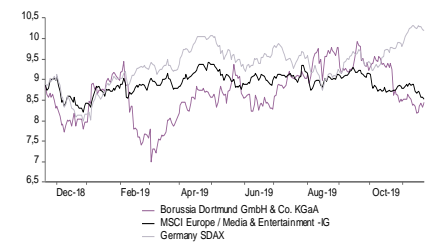
BUY

Before: BUY

Price Target EUR 10.50 (10.50)
Share price* EUR 8.45 (+24%)

*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)	777
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

AGM	25.11.2019
-----	------------

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

PUMA contract extension signed

PUMA contract has been extended: Yesterday, BVB announced that the contract with PUMA has been extended until 30 June 2028. All in all, this is good news for investors, as there has been speculation for quite some time that an announcement would be made soon.

Financial key points (public data): There were no official figures in BVB's announcement and no numbers of this new agreement were given to us after consultation with the company. There is speculation in the press about a EUR 250m deal, which would have an annual value of EUR 30m. So far we had the impression that the goal was to get close to the volume of Tottenham Hotspurs, which is a comparable team from the Premier League. Tottenham currently receives almost EUR 35m/year and by taking a discount for the difference between Premier League and Bundesliga, a region of EUR 25-30m/year would be realistic. The new conditions start with the 2020/2021 season.

Puma extension was already in our model: We had already included this contract extension in our model. We also expected this new contract to start in the 2020/2021 season. At the moment we estimate a value of EUR 25m/year and since we cannot say with certainty that the EUR 30m/year the press is reporting is really correct, we leave our estimates for the time being. Should we get the impression that it is more likely towards EUR 30m/year, we would adjust our model.

PUMA was already priced in (to a large extent): Although the PUMA extension was surprisingly announced already in November and before the AGM, the share reacted only slightly positively to it. We believe that investors are pleased that the news has now been made public, but that the content was already priced into the considerations of growth opportunities. More important for investors seems to be the Champions League game next week (27.11) in Barcelona. If the BVB gets at least one point, the chances of reaching the KO-stage are still very good. **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		725.7	728.1	717.9	721.5	748.5	728.5
EV/Sales		1.8	1.4	1.5	1.5	1.5	1.4
EV/EBITDA		9.8	5.3	6.2	6.9	7.4	6.6
P/E		95.0	24.5	44.7	54.7	44.2	21.1
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)	254	2.76
Total Present Value	1,151	12.51
Net excess cash (as of EO FY 18/19)	39.1	0.43
Fair value	1,190	12.94

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

The following details inform the reader about the legal provisions that are to be observed when compiling financial analyses.

1. Declaration of liability

When producing an analysis, we have procured the actual details from the sources available to us that are generally deemed to be reliable. We cannot make any claim regarding the accuracy and completeness of such information. The recommendations and/or prognoses made by us on the basis of these actual details constitute non-binding value judgments made at the time of compilation of the study and represent the opinion of the author. Subsequent changes cannot be taken into account. FMR Frankfurt Main Research AG shall not be liable for damages of any kind in relation to any incomplete or incorrect information and FMR Frankfurt Main Research AG shall not be liable for indirect and/or direct damages and/or consequential damages. In particular, FMR Frankfurt Main Research AG shall not be liable for statements, plans or other details contained in this investment advice in relation to the company being investigated, its affiliated companies, strategies, market and/or competition situation, economic and/or legal framework conditions etc. Although the investment advice was compiled using full diligence, errors or omissions cannot be excluded. FMR Frankfurt Main Research AG, its shareholders and employees shall not be liable for the correctness or completeness of statements, assessments, recommendations or conclusions derived from the information contained in this analysis.

If an investment recommendation is provided in the context of an existing contractual relationship, e.g. financial advice or a similar service, FMR Frankfurt Main Research AG's liability shall be limited to gross negligence and intent. Should key details be omitted, FMR Frankfurt Main Research AG shall be liable for ordinary negligence. The liability of FMR Frankfurt Main Research AG shall be restricted to the amount of typical and foreseeable damages.

The study does not constitute an offer or request to acquire shares. Our information and recommendations in this study do not constitute individual investment advice and may therefore not be suitable, or may only be of limited suitability, for individual investors depending on the specific investment goals, the investment horizon or individual investment situation. With the compilation and distribution of this study we are not engaged in an investment advisor or portfolio management capacity for any persons. This study cannot replace the need for investment advice in any case.

The estimates, particularly prognoses and price expectations, may not be achieved. The work and all parts thereof are protected by copyright. All use outside the scope of copyright law is impermissible and prosecutable. This shall apply in particular to duplications, translations, microfilms, the saving and processing of the entire content or parts of the content on electronic media.

It is possible that shareholders, managers or employees of FMR Frankfurt Main Research AG or its affiliated companies have a position of responsibility in the companies named in the analysis, e.g. as a member of the supervisory board. The opinions contained in this investment advice may be amended without notice. All rights are reserved.

2. Mandatory details

- a) First publication: 22.11.2019,
- 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.

3. Disclosures

- a) Neither FMR Frankfurt Main Research AG nor an affiliated company, nor any person who contributed to the compilation
 - (i.) has an involvement in the share capital of the issuer of at least 5 per cent;
 - (ii.) was involved in the management of a syndicate within the past five months that issued financial instruments of the issuer in the context of a public tender;
 - (iii.) managed financial instruments of the issuer on a market by means of concluding purchase or sale agreements:

(iv.) has, within the past twelve months, concluded an agreement regarding services in connection with investment banking business or received a service or performance promise from such agreement, with issuers which either themselves or the financial instruments thereof, are the subject of the financial analysis;

(v.) is in possession of a net sales or purchase position which exceeds the threshold of 0.5% of the total issued share capital of the issuer;

(vi.) has concluded an agreement regarding the preparation of investment recommendations with the issuer.

(vii.) has other significant interests with regard to the company being analysed, for example clients with the company being analysed.

Company	Disclosure(s)
Borussia Dortmund GmbH & Co. KGaA	-

b) FMR Frankfurt Main Research AG has concluded a cooperation agreement with Oddo Seydler Bank AG, on the basis of which this financial analysis is compiled. Oddo Seydler Bank AG is acting as the agent of the issuer, which is either the subject of the financial analysis itself or its financial instruments are the subject of the financial analysis.

Neither Oddo Seydler Bank AG nor an affiliated company, nor any person who contributed to the compilation

(i.) has an involvement in the share capital of the issuer of at least 5 per cent;

(ii.) was involved in the management of a syndicate within the past five months that issued financial instruments of the issuer in the context of a public tender;

(iii.) managed financial instruments of the issuer on a market by means of concluding purchase or sale agreements:

(iv.) has, within the past twelve months, concluded an agreement regarding services in connection with investment banking business or received a service or performance promise from such agreement, with issuers which either themselves or the financial instruments thereof, are the subject of the financial analysis;

(v.) is in possession of a net sales or purchase position which exceeds the threshold of 0.5% of the total issued share capital of the issuer;

(vi.) has concluded an agreement regarding the preparation of investment recommendations with the issuer.

(vii.) has other significant interests with regard to the company being analysed, for example clients with the company being analysed.

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

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

c) This study may only be used for the internal purposes of the addressee within the EEA or Switzerland.

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.

7. Key sources of information

We have acquired the information upon which this document is based from sources that we consider in principle to be reliable. However, we have not verified all this information. Therefore, we cannot guarantee or ensure the accuracy, completeness or correctness of the information or opinions contained in this document. National and international media and information services (e.g. Factset, Bloomberg etc.), the financial press (e.g. BörsenZeitung, FAZ, Handelsblatt, Wallstreet Journal, etc.), specialist press, published statistics, the internet, as well as publications, details and information of the issuer that is the subject of the analysis.

8. Summary of the basis for evaluation

Individual issuers: Current and recognised evaluation methods (e.g. DCF method and Peer Group Analysis) are used for company analysis purposes. The DCF method calculates the value of the issuer based on the sum of the discounted cash flows, i.e. the cash value of the future cash flows of the issuer. The value is therefore determined on the basis of expected future cash flows and the applied discount rate. In Peer Group Analysis, issuers listed on the stock exchange are evaluated by comparing ratios (e.g. price/profit ratio, Enterprise Value/turnover, Enterprise Value/EBITDA, Enterprise Value/EBIT). The comparability of the ratios is primarily determined with reference to the business activity and economic prospects.

9. Internal organisational and regulatory measures for the prevention or management of conflicts of interest

Employees of FMR Frankfurt Main Research AG who are involved with the compilation and/or presentation of financial analyses are subject to the internal compliance regulations. The internal compliance regulations correspond to the provisions of the directive for the substantiation of the organisational obligations of investment service companies pursuant to Section 80 Securities Trading Act and EU/ESMA legislation on the basis of the Market Abuse Regulation.

The analysts of FMR Frankfurt Main Research AG do not receive any direct or indirect remuneration from the investment banking business of FMR Frankfurt Main Research AG.

On acceptance of the financial analysis, the recipient accepts that the above restrictions are binding.