

Borussia Dortmund GmbH & Co. KGaA

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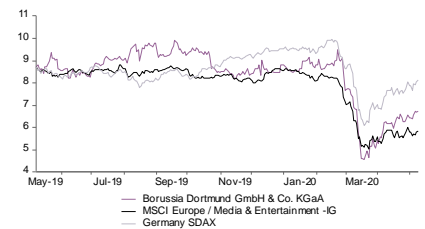
BUY

Before: BUY

Price Target EUR 8.00 (9.00)
Share price* EUR 6.75 (+19%)

*last XETRA closing price

Change	19/20e	20/21e	21/22e
Sales	-21.8	-20.6	-5.0
EBIT	-27.2	-18.4	-25.3
EPS	-0.25	-0.16	-0.22



Source: Factset

Visibility remains low despite Bundesliga restart

Prelim. Q3 figures: On Friday BVB published its preliminary Q3 figures for FY 2019/2020. Group sales (incl. transfers) after 9M amounted to EUR 431.8m and were thus almost EUR 10m below our estimate (EUR 441.0m). Our quarterly estimates were adjusted in accordance with the almost March-free Bundesliga, but the transparency was very low. This also explains why our forecast slightly deviated in all segments. The company generated 9M sales of EUR 32.5m (previous year: EUR 39.3m; FMRe: EUR 32.6m) in match operations; in the advertising segment BVB generated sales of EUR 74.7m (previous year: EUR 69.5m; FMRe: EUR 78.5m); TV Marketing generated sales of EUR 146.1m (previous year: EUR 141.5m; FMRe: EUR 149.1m); and Catering, Merchandising and Other generated sales of EUR 63.1m (FMRe: EUR 65.4m). Transfers in 9M amounted to EUR 115.4m. After deducting operating costs, 9M EBITDA amounted to EUR 83.2m, compared with EUR 105.2m in the previous year. We had expected an EBITDA of EUR 89.1m.

Bundesliga restart at 16.05: Last week it was officially confirmed that the Bundesliga will start again this weekend. BVB will play the derby against FC Schalke 04 this weekend. As expected, all remaining matches of the Bundesliga season will take place without spectators in the stadium.

Outlook for Q4 depends on finishing the Bundesliga season by end of June: Despite the restart, there is no guarantee that there will not be a termination after all. Everything depends on how the general situation develops in the coming weeks. A positive "1st matchday" would certainly help there. Overall, BVB currently expects a negative consolidated result for 2019/2020 (previously: a net profit). We previously assumed a net profit and are changing our estimates for 3 reasons: 1) sales after 9M were slightly below expectations and thus EBITDA; 2) we are no longer assuming any more transfers for this season (previously EUR 12m in Q4e); 3) D&A was higher than expected. Overall, this leads to our EBITDA estimate falling to EUR 88.9m and we expect a net loss of EUR 8.9m.

Price target down to EUR 8.00 due to the current low visibility. We reiterate our BUY recommendation.

FY End: 30.06.; in EURm	CAGR (18-21e)	16/17	17/18	18/19	19/20e	20/21e	21/22e
Sales	1.4%	405.7	536.0	489.5	482.6	463.1	510.3
EBITDA	-2.2%	74.1	137.3	116.0	88.9	93.4	108.5
Margin		18.3%	25.6%	23.7%	18.4%	20.2%	21.3%
EBIT	4.7%	10.7	39.0	23.5	-8.1	3.7	26.9
Margin		2.6%	7.3%	4.8%	-1.7%	0.8%	5.3%
net result	4.9%	8.2	31.7	17.4	-8.9	1.4	20.1
EPS	4.9%	0.09	0.34	0.19	-0.10	0.02	0.22
Dividend per share		0.06	0.06	0.06	0.00	0.00	0.06
EV		568.8	571.2	561.1	564.7	597.7	604.0
EV/Sales		1.4	1.1	1.1	1.2	1.3	1.2
EV/EBITDA		7.7	4.2	4.8	6.4	6.4	5.6
P/E		75.9	19.6	35.7	-69.7	428.2	30.9
Net debt/EBITDA		-0.7	-0.4	-0.5	-0.6	-0.2	-0.2

Source: BVB, FMR

" Company Update "

Basic share data

Number of shares (million)	92.0
Free Float (in %)	60%
Market Cap (in million EUR)	621
Trading volume (Ø)	283k
High (EUR, 52 weeks)	10.29
Low (EUR, 52 weeks)	4.33

Shareholder structure

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

Corporate calendar

9M report	15.05.2020
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ODDO SEYDLER

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)	262	2.85
1&1 new Jersey sponsor	50	0.54
Total Present Value	1,210	13.15
Net excess cash (as of EO FY 18/19)	39.1	0.43
Fair value	1,249	13.57
Discount		-41.1%
Target price		8.00

Source: BVB, FMR PV: in EURm

As we now also assume that there will still be games without attendance next season and therefore visibility will remain low for the time being for 2020/2021e, we are reducing our price target from EUR 9.00 to EUR 8.00. The next 6 weeks will be decisive whether the share will continue to recover (+45% since our last update) or whether it will continue to be traded in the current range of EUR 6-7. However, even a price target of EUR 8.00 still represents a price potential of almost 20% on Friday's closing price. BUY recommendation is confirmed.

Appendix

P&L							
	in EURm	16/17	17/18	18/19	19/20e	20/21e	21/22e
Revenues		405.7	536.0	489.5	482.6	463.1	510.3
YoY growth		7.8%	32.1%	-8.7%	-1.4%	-4.1%	10.2%
Cost of revenues		-25.9	-20.1	-21.3	-25.7	-26.3	-27.0
as % of revenues		-6.4%	-3.7%	-4.3%	-5.3%	-5.7%	-5.3%
Gross profit		379.8	515.9	468.3	456.9	436.8	483.3
as % of revenues		93.6%	96.3%	95.7%	94.7%	94.3%	94.7%
Personnel costs		-177.9	-186.7	-205.1	-208.3	-218.9	-229.7
as % of revenues		-43.9%	-34.8%	-41.9%	-43.2%	-47.3%	-45.0%
Other operating income/expenses		-127.7	-191.9	-147.2	-159.7	-124.5	-145.1
as % of revenues		-31.5%	-35.8%	-30.1%	-33.1%	-26.9%	-28.4%
Reported EBITDA		74.1	137.3	116.0	88.9	93.4	108.5
as % of revenues		18.3%	25.6%	23.7%	18.4%	20.2%	21.3%
Depreciation and amortisation (incl. PPA)		-63.4	-98.3	-92.5	-97.0	-89.7	-81.6
as % of revenues		-15.6%	-18.3%	-18.9%	-20.1%	-19.4%	-16.0%
Reported EBIT		10.7	39.0	23.5	-8.1	3.7	26.9
as % of revenues		2.6%	7.3%	4.8%	-1.7%	0.8%	5.3%
Net financial results incl. equity results		-1.6	-4.3	-1.7	-2.4	-1.5	-1.5
EBT (Earnings before income taxes)		9.1	34.6	21.8	-10.5	2.2	25.4
as % of revenues		2.2%	6.5%	4.5%	-2.2%	0.5%	5.0%
Income taxes		-0.9	-2.9	-4.4	1.6	-0.7	-5.4
as % of EBT		-10.0%	-8.5%	-20.3%	-15.4%	-33.7%	-21.2%
Income from continuing operations		8.2	31.7	17.4	-8.9	1.4	20.1
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	-8.9	1.4	20.1
Minorities		0.0	0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders		8.2	31.7	17.4	-8.9	1.4	20.1
Net margin in %		2.0%	5.9%	3.6%	-1.8%	0.3%	3.9%
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	-0.10	0.02	0.22

Source: BVB, FMR

Balance sheet

	in EURm	15/16	16/17	17/18	18/19	19/20e	20/21e	21/22e
Assets								
Non-current assets		302.8	354.9	351.4	371.7	428.2	408.6	397.1
as % of total assets		71.3%	74.1%	72.4%	74.3%	80.0%	78.3%	72.8%
Intangible assets (incl. Goodwill)		65.3	141.5	120.3	163.7	215.0	186.7	166.4
Property, plant and equipment		188.4	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	0.4
Income tax claims (incl. Deferred)		1.1	1.1	0.0	0.0	0.0	0.0	0.0
Other assets		47.5	27.1	50.0	23.6	20.1	20.1	20.1
Current assets		121.8	123.7	134.2	128.4	107.2	113.3	148.6
as % of total assets		28.7%	25.9%	27.6%	25.7%	20.0%	21.7%	27.2%
Inventories		10.2	9.0	5.6	4.6	14.5	13.9	15.3
Accounts receivable and other assets		59.6	65.3	68.5	66.1	69.3	82.3	89.5
Current income tax claims		0.3	0.2	0.6	1.8	0.6	0.6	0.6
Cash and cash equivalents		51.7	49.3	59.5	55.9	22.9	16.6	43.2
Total assets		424.5	478.6	485.6	500.1	535.5	522.0	545.8
Shareholders' equity and liabilities								
Shareholders' equity		309.5	312.3	343.6	354.9	340.4	341.9	361.9
as % of total equity and liabilities		72.9%	65.3%	70.8%	71.0%	63.6%	65.5%	66.3%
Subscribed capital		92.0	92.0	92.0	92.0	92.0	92.0	92.0
Capital reserve		217.7	220.4	251.7	263.0	248.5	250.0	270.0
Accumulated and other comprehensive income		0.0	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	-0.1
Equity attributable to shareholders		309.5	312.3	343.6	354.9	340.4	341.9	361.9
Minorities		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities and provisions		77.4	139.7	117.9	126.4	173.7	158.8	162.5
as % of total equity and liabilities		18.2%	29.2%	24.3%	25.3%	32.4%	30.4%	29.8%
Financial liabilities		2.6	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	0.0
Accounts payable		14.6	63.6	54.6	60.7	66.1	63.4	69.9
Tax liabilities		5.2	0.7	2.0	3.5	2.0	2.0	2.0
Other provisions		20.5	21.9	24.7	25.5	56.6	39.6	31.7
Other liabilities		34.4	43.3	34.7	33.7	47.1	51.8	57.0
Non-current liabilities and provisions		37.6	26.6	24.1	18.8	21.3	21.3	21.3
as % of total equity and liabilities		8.8%	5.5%	5.0%	3.8%	4.0%	4.1%	3.9%
Pension provisions and similar obligations		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities		19.0	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	0.0
Provisions		1.4	1.2	1.1	1.7	1.1	1.1	1.1
Other liabilities		17.2	16.7	16.3	8.7	16.3	16.3	16.3
Total equity and liabilities		424.5	478.6	485.6	500.1	535.5	522.0	545.8

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	-10.5	2.2	25.4
Depreciation and amortisation	63.4	90.6	92.5	97.0	89.7	81.6
Other transactions incl. non-cash	6.4	48.8	30.2	-72.7	-0.7	-5.4
Change in Working Capital	31.5	-3.6	0.0	38.2	-27.3	-5.0
Cash flow from operating activities	110.4	170.4	144.5	52.0	63.8	96.7
CAPEX	-104.7	-142.8	-139.3	-70.9	-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	-73.9	-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	0.0	0.0
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	0.0	0.0
Total change in cash and cash equivalents	-2.4	10.2	-3.6	-33.0	-6.3	26.6
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	22.9	16.6
Cash and cash equivalents at year's end	49.3	59.5	55.9	22.9	16.6	43.2

Source: BVB, FMR

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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.
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Company **Disclosure(s)**

Borussia Dortmund GmbH & Co. KGaA

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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
20.02.2020	BUY	8.99	10.50
24.02.2020	BUY	9.49	10.50
03.03.2020	BUY	7.72	10.50
18.03.2020	BUY	4.63	9.00
11.05.2020	BUY	6.75	8.00

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Marcus Silbe, Head of Research, Senior Analyst

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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.

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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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