

Borussia Dortmund GmbH & Co. KGaA

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

Q2 20/21 with significantly better operating performance

Preliminary H1 20/21 figures with solid Q2 performance: BVB says it is satisfied with the recently reported half-year figures. The development has to be assessed in particular against the continuing adverse effects of the COVID 19 pandemic. After a poor performance in Q1, there was a significant improvement in the second quarter (see also table on p. 2). In the first half of the year, Group sales were down 25% to EUR 177.4m. Gross transfer fees decreased significantly to EUR 12.9 (60.8)m. In Q2, however, the decline in revenue was only 2.7% year-on-year. EBITDA for the half-year fell by around 50% to EUR 27.3m. However, thanks mainly to a strict cost discipline in the personnel costs and in Other Operating Expenses, an increase of 23% was achieved for Q2 20/21.

FMR annual targets 2020/21 still achievable: To achieve our full-year sales estimate, around EUR 166m would be required in H2, which we continue to consider realistic. We continue to assume that Bundesliga matches will be played without spectators until the end of the current season.

Achievement of sporting season targets somewhat more uncertain: In sporting terms, the team is currently somewhat shapeshifting, even under the new coach, and has not yet met the expectations placed in it. Currently, BVB is only sixth in the Bundesliga, four points behind a Champions League spot. However, with 14 games left to play, the season's goal of returning to European competition is still achievable. We continue to believe that this is the case, although we believe that this will require an improvement in performance and more consistency.

Following the publication of the preliminary figures, we confirm our positive assessment of the share. We attribute the share price weakness since around mid-January 2020 more to sporting developments and the generally volatile capital markets. Currently, the share has a potential upside to our price target of 17% and 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	5.2%	405.7	536.0	370.3	370.2	343.4	409.3
EBITDA	14.1%	74.1	137.3	116.0	63.0	26.8	82.0
Margin		18.3%	25.6%	31.3%	17.0%	7.8%	20.0%
EBIT	-64.4%	10.7	39.0	23.5	-43.1	-70.2	-5.5
Margin		2.6%	7.3%	6.3%	-11.6%	-20.4%	-1.3%
Net result	-63.4%	8.2	31.7	17.4	-44.0	-66.1	-5.9
EPS	-63.4%	0.09	0.34	0.19	-0.48	-0.72	-0.06
Dividend per share		0.06	0.06	0.06	0.00	0.00	0.06
EV		420.7	423.1	413.0	416.6	469.1	471.2
EV/Sales		1.0	0.8	1.1	1.1	1.4	1.2
EV/EBITDA		5.7	3.1	3.6	6.6	17.5	5.7
P/E		57.7	14.9	27.2	n.m.	n.m.	n.m.
Net debt/EBITDA		-0.7	-0.4	-0.5	-0.9	-0.1	0.0

Source: BVB, FMR

Published: 12.02.2021

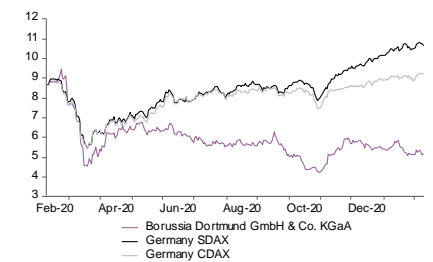
BUY

Before: BUY

Price Target EUR 6.00 (6.00)
Share price* EUR 5.14 (+16.7%)

*last XETRA closing price

Change	19/20	20/21e	21/22e
Sales	0.0	0.0	0.0
EBIT	0.0	0.0	0.0
EPS	0.0	0.0	0.0



Basic share data

Number of shares (million)	92.0
Free Float (in %)	60%
Market Cap (in million EUR)	472.2
Trading volume (Ø)	177k
High (EUR, 52 weeks)	9.50
Low (EUR, 52 weeks)	4.17

Shareholder structure

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

Corporate calendar

H1 20/21 report	26.02.2021
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Valuation

	Present Value (PV)	PV/Share
Roster Value	587	6.38
Discount (to reach marketable roster value)	-40%	
Marketable roster value	352	3.83
Stadium	235	2.55
Brand value	234	2.55
End of Sport Five contract (saved discounted Cash Flow)	232	2.52
1&1 new Jersey sponsor	50	0.54
Total Present Value	1,104	12.00
Net excess cash (as of EO FY 19/20)	-4.7	-0.05
Corona impact on EBITDA	-170.0	-1.85
Fair value	929	10.10
Discount		-40.6%
Target price		6.00

Source: BVB, FMR; PV: in EURm

Bor. Dortmund: Q2 20/21 better than previous quarter

EUR m	Q1 19/20	Q2 19/20	H1 19/20	Q1 20/21	Q2 20/21e	H1 20/21e
Sales	112.4	124.2	236.6	56.5	120.9	177.4
y-o-y				-49.7%	-2.7%	-25.0%
EBITDA	25.0	29.7	54.7	-9.3	36.6	27.3
y-o-y				n.m.	23.3%	-50.1%
Net result	0.1	2.9	3.0	-35.9	9.6	-26.3

Source: BVB, FMR

Appendix

P&L						
	in EURm	17/18	18/19	19/20	20/21e	21/22e
Revenues		536.0	370.3	370.2	343.4	409.3
YoY growth		32.1%	-30.9%	0.0%	-7.2%	19.2%
Cost of revenues		-20.1	-21.3	-22.4	-22.7	-24.6
as % of revenues		-3.7%	-5.8%	-6.0%	-6.6%	-6.0%
Gross profit		515.9	349.0	347.8	320.8	384.8
as % of revenues		96.3%	94.2%	94.0%	93.4%	94.0%
Personnel costs		-186.7	-205.1	-215.1	-206.0	-208.8
as % of revenues		-34.8%	-55.4%	-58.1%	-60.0%	-51.0%
Other operating income/exenses		-191.9	-27.9	-69.8	-87.9	-94.1
as % of revenues			-7.5%	-18.8%	-25.6%	-23.0%
Reported EBITDA		137.3	116.0	63.0	26.8	82.0
as % of revenues		25.6%	31.3%	17.0%	7.8%	20.0%
Depreciation and amortisation (incl. PPA)		-98.3	-92.5	-106.1	-97.0	-87.4
as % of revenues		-18.3%	-25.0%	-28.7%	-28.3%	-21.4%
Reported EBIT		39.0	23.5	-43.1	-70.2	-5.5
as % of revenues		7.3%	6.3%	-11.6%	-20.4%	-1.3%
Net financial results incl. equity results		-4.3	-1.7	-3.5	-1.5	-1.5
EBT (Earnings before income taxes)		34.6	21.8	-46.6	-71.7	-7.0
as % of revenues		6.5%	5.9%	-12.6%	-20.9%	-1.7%
Income taxes		-2.9	-4.4	2.6	5.6	1.1
as % of EBT		-8.5%	-20.3%	-5.6%	-7.8%	-15.7%
Income from continuing operations		31.7	17.4	-44.0	-66.1	-5.9
Income from discontinued operations, net of taxes		0.0	0.0	0.0	0.0	0.0
Net income		31.7	17.4	-44.0	-66.1	-5.9
Minorities		0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders		31.7	17.4	-44.0	-66.1	-5.9
Net margin in %		5.9%	4.7%	-11.9%	-19.2%	-1.4%
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	-0.72	-0.06

Source: BVB, FMR

Balance sheet

	in EURm	17/18	18/19	19/20	20/21e	21/22e
Assets						
Non-current assets		351.4	371.7	441.5	414.5	397.2
as % of total assets		72.4%	74.3%	85.2%	85.9%	83.0%
Intangible assets (incl. Goodwill)		120.3	163.7	229.7	194.0	167.9
Property, plant and equipment		180.7	184.0	193.0	201.8	210.5
Long-term investments		0.4	0.4	0.4	0.4	0.4
Income tax claims (incl. Deferred)		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	68.3	81.6
as % of total assets		27.6%	25.7%	14.8%	14.1%	17.0%
Inventories		5.6	4.6	6.8	10.3	12.3
Accounts receivable and other assets		68.5	66.1	66.1	56.4	56.4
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	12.5
Total assets		485.6	500.1	518.0	482.8	478.8
Shareholders' equity and liabilities						
Shareholders' equity		343.6	354.9	305.5	233.9	228.0
as % of total equity and liabilities		70.8%	71.0%	59.0%	48.4%	47.6%
Subscribed capital		92.0	92.0	92.0	92.0	92.0
Capital reserve		251.7	263.0	213.6	142.0	136.1
Accumulated and other comprehensive income		0.0	0.0	0.0	0.0	0.0
Treasury shares		-0.1	-0.1	-0.1	-0.1	-0.1
Equity attributable to shareholders		343.6	354.9	305.5	233.9	228.0
Minorities		0.0	0.0	0.0	0.0	0.0
Current liabilities and provisions		117.9	126.4	122.6	159.0	160.9
as % of total equity and liabilities		24.3%	25.3%	23.7%	32.9%	33.6%
Financial liabilities		2.0	3.1	12.4	12.4	12.4
Advance payments received		0.0	0.0	0.0	0.0	0.0
Accounts payable		54.6	60.7	67.4	75.3	78.5
Tax liabilities		2.0	3.5	0.0	0.0	0.0
Other provisions		24.7	25.5	3.6	28.3	22.6
Other liabilities		34.7	33.7	39.1	43.0	47.3
Non-current liabilities and provisions		24.1	18.8	89.9	89.9	89.9
as % of total equity and liabilities		5.0%	3.8%	17.4%	18.6%	18.8%
Pension provisions and similar obligations		0.0	0.0	0.0	0.0	0.0
Financial liabilities		6.7	8.4	20.1	20.1	20.1
Deferred tax liabilities		0.0	0.0	0.0	0.0	0.0
Provisions		1.1	1.7	0.2	0.0	0.0
Other liabilities		16.3	8.7	69.6	69.9	69.9
Total equity and liabilities		485.6	500.1	518.0	482.8	478.8

Source: BVB, FMR

Cash Flow Statement

in EURm	17/18	18/19	19/20	20/21e	21/22e
EBT	34.7	21.8	-46.6	-71.7	-7.0
Depreciation and amortisation	90.6	90.1	106.1	97.0	87.4
Other transactions incl. non-cash	48.8	-88.9	-41.9	17.4	5.0
Change in Working Capital	-3.6	5.7	-18.0	30.7	-4.1
Cash flow from operating activities	170.4	28.7	-0.4	73.5	81.4
CAPEX	-142.8	-23.6	-50.9	-70.1	-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
Cash flow from investing activities	-142.7	-23.5	-50.8	-70.1	-70.1
Change in debt	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
Acquisition of treasury shares & minority stakes	0.0	0.0	0.0	0.0	0.0
Dividend payments	-5.5	-5.5	-5.5	0.0	0.0
Other financing activities	-11.9	-3.3	-3.9	-5.5	0.0
Cash flow from financing activities	-17.5	-8.8	-9.4	-5.5	0.0
Total change in cash and cash equivalents	10.2	-3.6	-60.6	-2.1	11.3
Effect of exchange rate changes on cash	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
Cash and cash equivalents at the start of the period	49.3	59.5	55.9	-4.7	-6.8
Cash and cash equivalents at year's end	59.5	55.9	-4.7	-6.8	4.5
<i>of which</i>					
<i>Cash and equivalents</i>	59.5	55.9	3.3	1.2	12.5
<i>Current account</i>	0.0	0.0	-8.0	-8.0	-8.0

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
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Company	Disclosure(s)
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Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date (EUR)	Price target (EUR)
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
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

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