



Borussia Dortmund GmbH & Co. KGaA

Upbeat presentations

21/11/2017

Buy
9.40 EUR

Close (20/11/2017)	6.41 EUR
Bloomberg: BVB	WKN: 549309
Sector	Media

Share price performance

52 week high	8.28
52 week low	4.76
Compared to	Prime All Share
YTD	5.6%
1 month	-15.1%
12 months	-13.9%



Share data

Market Cap (m EUR)	589.6
No. of shares (m)	92.0
Free float	60.8%
Trading vol. Ø (m EUR)	1.5

Next event

27/11/2017	AGM
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Analyst

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See end of document for disclaimer.

Borussia Dortmund was represented by its CFO Thomas Treß and IR Dr Robin Steden at our Small Caps Conference in Frankfurt. The company's presentations were very upbeat, clearly showing that investors can look forward to positive news in the next few years, in our view. We confirm our BUY rating for the stock with an unchanged price target of € 9.40.

KEY TAKEAWAYS

- The Company has upside potential in the following areas: (Re)qualification for UEFA Champions/Europa League, increase in TV rights revenue, realisation of transfer income, expansion of sponsoring/VIP hospitality marketing.
- Guidance does not include transfer income although given their sustained success, BVB players are piquing the interest of other top clubs. Based on the current financial strength of foreign clubs in particular, it is possible that value-driven transfers will be concluded contrary to BVB's sporting interests.
- The highest priorities for developing the club's core business will be making the club more competitive and improving its infrastructure. Therefore, the group will invest in particular in the professional squad as well as Signal Iduna Park, the adjoining infrastructure and the training ground.
- The CFO said that in order to mitigate and avoid financial risk, Borussia Dortmund will pursue a conservative and extremely prudent capital expenditure strategy and will not count on any uncertain sporting successes.
- Management explained that free cash flow was becoming a financial performance indicator alongside revenues, EBITDA, EBIT and cash flow from operating activities, as it could be used to cover ongoing obligations.
- Borussia Dortmund also very clearly said that the reach of the brand is considered to be a KPI at the heart of management activities as it reflects the company's appeal and impacts all financial ratios.
- After the transfers and the Q1 report, our numbers for 2017/18 will have to be adjusted. The impact on our price target should be limited as we value BVB based on the adjusted value of the squad and the value of the brand.

in m EUR	2015/16	2016/17	2017/18e	2018/19e	2019/20e
Sales	376.3	405.7	543.5	425.5	457.5
EBITDA	86.7	74.1	184.7	75.1	91.1
EBITDA margin	23.0%	18.3%	34.0%	17.7%	19.9%
Net financial debt	4.3	13.0	-43.0	-43.5	-57.2
Free cash-flow	6.1	5.8	61.2	9.6	19.3
EPS (in EUR)	0.32	0.09	1.03	0.07	0.18
DPS (in EUR)	0.06	0.06	0.10	0.06	0.06
Dividend yield	1.0%	0.9%	1.6%	0.9%	0.9%
EV/Sales	1.5	1.5	1.0	1.3	1.2
EV/EBITDA	15.5	56.5	4.6	54.0	22.1
P/E	19.1	71.8	6.2	88.8	36.2

Source: Company information, Bankhaus Lampe Research estimates

Disclaimer

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Rating system

Shares are rated based upon analyst forecasts with regard to the performance of the share during a period of twelve months. The rating "Buy" within this general concept means that the share's forecast performance is at least 10%. "Hold" means a price movement in a bandwidth of -10% to 10%. "Sell" means that the share's forecast performance is less than -10%.

Explanation of valuation

Unless shown otherwise, the stated upside targets are based upon either a discounted cash-flow pricing or upon a comparison of the performance ratios of companies that the respective analyst considers to be comparable, or upon a combination of these two analyses. Analysts modify the result of this fundamental assessment to incorporate the potential trend in market sentiment.

Overview of changes in our recommendations/price targets in the previous twelve months for: Borussia Dortmund GmbH & Co. KGaA (BVB GY), Close (20/11/2017): 6.41 EUR, Analyst: Christoph Schlienkamp (Investmentanalyst DVFA).

Date of publication	Price at recommendation	Rating	Price target
05/09/2017	7.41 EUR	Buy	9.40 EUR
06/12/2016	4.76 EUR	Buy	7.00 EUR

The distribution of recommendations in our investments universe is currently as follows (date: 01/10/2017)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	49.0%	75.0%
Hold	46.0%	25.0%
Sell	5.0%	0.0%
Under Review	0.0%	0.0%

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Company	Disclosure
Borussia Dortmund GmbH & Co. KGaA	---

Responsible regulatory authority:

Federal Financial Supervisory Authority – Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Str. 24-28, D-60439 Frankfurt

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