



Borussia Dortmund GmbH & Co. KGaA

H1 results without surprises, limited impact of coronavirus

02/03/2020

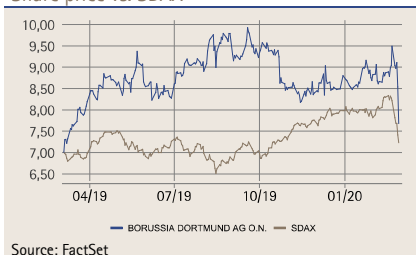
Buy
12.00 EUR

Close 28/02/2020	7.69 EUR
Bloomberg: BVB GY	WKN: 549309
Sector	Media

Share price performance

52 week high / low	9.93 / 7.01 EUR
YTD	-12.7%
12 months	-1.5%

Share price vs. SDAX



Share data

Market Cap (m EUR)	707.0
No. of shares (m)	92.0
Free float	60.8%
Trading vol. Ø (m EUR)	2.4

Next event

Quarterly Results	15/05/2020
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Analyst

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See end of document for disclaimer.

Following the recently published preliminary figures, the results for H1 2019/20 were without surprises. Total operating proceeds came to € 297.4 m (prev. year: € 256.0 m) and EBITDA reached € 54.7 m (prev. year: € 57.6 m). As expected, BVB did not adjust its 2019/20 outlook, as the full year results will depend on the transfer deals that are expected in the summer transfer period (May–August).

LIMITED POTENTIAL IMPACT FROM CORONAVIRUS

- Regarding the impact of the coronavirus, we currently see limited risk for BVB. According to the DFL, no postponements or cancellations of matches are planned at present. However, the BVB is also insured in the event of a match being cancelled, so that the possible financial impact is limited. There should be no negative effects on the year as a whole in the event of game postponements. We only see some risks in Catering segment, due to potentially lower visitor numbers; however, this segment is rather small (~ 6% of group sales).
- The most important segments, i.e. Transfer Deals, TV Marketing and Advertising, should not be affected by the virus.
- Although the macroeconomic environment has thwarted the positive price momentum triggered by the recent strong newsflow, the key reasons for our BUY rating remain unchanged. We expect both H2 and the FY to be stronger given the strong sporting performance to date and the upcoming summer transfer season. Especially the latter should be a strong catalyst, considering that it takes place before the European Championship.
- The new contracts with Evonik and 1&1 should generate roughly € 10 m p.a. from FY 2020/21 onwards.
- The current share price level largely reflects the market value of the team but is ignoring the brand value.

in m EUR	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Sales	536.1	489.6	508.1	483.1	497.8
EBITDA	126.7	116.0	108.5	131.9	107.3
EBITDA margin	23.6%	23.7%	21.4%	27.3%	21.6%
Net financial debt	-16.1	-10.7	-12.0	-36.3	-204.2
Free cash flow	27.6	1.1	13.4	29.9	222.9
EPS (in EUR)	0.31	0.19	0.20	0.40	0.27
DPS (in EUR)	0.06	0.06	0.06	0.06	0.06
Dividend yield	0.7%	0.8%	0.8%	0.8%	0.8%
EV/sales	1.4	1.4	1.4	1.4	1.0
EV/EBITDA	5.9	6.0	6.4	5.1	4.7
P/E	26.7	40.3	38.5	19.1	28.4

Source: Company information, Bankhaus Lampe Research estimates

Disclaimer

The creation of this recommendation was finalised on 02/03/2020 08:55 AM (CET) and first published on 02/03/2020 08:58 AM (CET).

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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.

Details on the concepts and methods as well as the valuation models employed are available on our [website](#).

Overview of changes in our recommendations/price targets in the previous twelve months for: Borussia Dortmund GmbH & Co. KGaA (BVB GY), Close (28/02/2020): 7.69 EUR, Analyst: Igor Kim (CFA).

Date of publication	Price at recommendation	Rating	Price target
06/08/2019	9.09 EUR	Buy	12.00 EUR

The distribution of recommendations in our investments universe is currently as follows (date: 01/01/2020)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	48.1%	62.5%
Hold	45.9%	37.5%
Sell	6.0%	0.0%
Under Review	0.0%	0.0%

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The Bank intends to publish at least one research report per year for the aforementioned stock/stocks.

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Company	Disclosure
Borussia Dortmund GmbH & Co. KGaA	9

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02 March 2020

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