



# Borussia Dortmund GmbH & Co. KGaA

## Back to the future – spectators can return to the stadium

16/09/2020

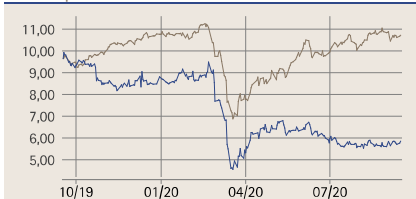
**Buy**  
**8.30 EUR**

|                   |             |
|-------------------|-------------|
| Close 15/09/2020  | 5.85 EUR    |
| Bloomberg: BVB GY | WKN: 549309 |
| Sector            | Media       |

### Share price performance

|                    |                 |
|--------------------|-----------------|
| 52 week high / low | 9.93 / 4.56 EUR |
| YTD                | -33.6%          |
| 12 months          | -38.5%          |

### Share price vs. SDAX



Source: FactSet

### Share data

|                        |       |
|------------------------|-------|
| Market Cap (m EUR)     | 537.7 |
| No. of shares (m)      | 92.0  |
| Free float             | 60.8% |
| Trading vol. Ø (m EUR) | 2.1   |

### Next event

|                   |            |
|-------------------|------------|
| Quarterly Results | 13/11/2020 |
|-------------------|------------|

### Analyst

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See end of document for disclaimer.

In our recent update, we have highlighted that operations are likely to remain under pressure as long as spectators are banned from games. This is changing now and clearly a positive signal for our estimates from Q2 onwards. Moreover, we believe it should represent a catalyst to close the valuation discount to our SOTP valuation, which already incorporates a 30% safety cushion.

### GERMANY TESTS THE RETURN OF SPECTATORS TO SPORTS EVENTS

- BVB announced that thousands of fans will be allowed to join the first home game vs. Borussia Moenchengladbach. The exact figure will be set together with local health authorities.
- The German government has given the green light to a 6-week trial phase. In this period, spectators will be allowed to attend professional sport events. The seating concept must be in compliance with local health standards.
- The guidelines are mainly based on the DFL concept from beginning of August. The key aspects include: A cap of 20% of seating capacity, i.e. 16,000 for BVB. Approval will be only given if the rate new infections is less than 35 people per 100,000 in the preceding seven days.

### POSITIVE CATALYSTS FROM SEVERAL ANGLES

- This is not only positive for ticketing and catering revenues, which are currently non-existent. It should further reduce the risk of cancellations of hospitality packages. Moreover, it might mark an inflection point and could represent the start of a return to normal.
- The return also lowers the probability of TV broadcasting payments being reduced – as seen since March 2020 and the end of the Bundesliga season. The same is true for the European tournaments.
- Moreover, a gradual return to normal operations should improve planning certainty and possibly release the current liquidity restraints in the transfer market.

| in m EUR           | 2017/18 | 2018/19 | 2019/20e | 2020/21e | 2021/22e |
|--------------------|---------|---------|----------|----------|----------|
| Sales              | 536.1   | 370.3   | 370.2    | 347.5    | 406.5    |
| EBITDA             | 126.7   | 116.0   | 62.9     | 41.8     | 73.0     |
| EBITDA margin      | 23.6%   | 31.3%   | 17.0%    | 12.0%    | 18.0%    |
| Net financial debt | -16.1   | -10.7   | 4.7      | -6.0     | -67.1    |
| Free cash flow     | 27.6    | 5.2     | -51.1    | 10.7     | 66.6     |
| EPS (in EUR)       | 0.31    | 0.19    | -0.48    | -0.61    | -0.21    |
| DPS (in EUR)       | 0.06    | 0.06    | 0.00     | 0.06     | 0.06     |
| Dividend yield     | 0.7%    | 1.0%    | 0.0%     | 1.0%     | 1.0%     |
| EV/sales           | 1.4     | 1.4     | 1.5      | 1.5      | 1.2      |
| EV/EBITDA          | 5.9     | 4.5     | 8.6      | 12.7     | 6.4      |
| P/E                | 26.7    | 30.3    | -12.2    | -9.6     | -27.9    |

Source: Company information, Bankhaus Lampe Research estimates

# Disclaimer

The creation of this recommendation was finalised on 16/09/2020 08:52 AM (CEST) and first published on 16/09/2020 08:54 AM (CEST).

## Analyst declaration

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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.

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 (15/09/2020): 5.85 EUR, Analyst: Jasko Terzic (CFA).

| Date of publication | Price at recommendation | Rating | Price target |
|---------------------|-------------------------|--------|--------------|
| 11/09/2020          | 5.76 EUR                | Buy    | 8.30 EUR     |
| 28/05/2020          | 6.42 EUR                | Buy    | 8.60 EUR     |
| 02/04/2020          | 5.32 EUR                | Buy    | 9.00 EUR     |
| 15/11/2019          | 8.18 EUR                | Buy    | 12.00 EUR    |

The distribution of recommendations in our investments universe is currently as follows (date: 01/07/2020)

| Rating       | Basis: all analysed companies | Basis: companies with investment banking relationships |
|--------------|-------------------------------|--|
| Buy          | 54.2%                         | 87.5%  |
| Hold         | 38.3%                         | 12.5%  |
| Sell         | 6.0%                          | 0.0%   |
| Under Review | 1.5%                          | 0.0%   |

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| Company                           | Disclosure |
|-----------------------------------|------------|
| Borussia Dortmund GmbH & Co. KGaA | 9          |

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16 September 2020

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