



Borussia Dortmund GmbH & Co. KGaA

One problem solved

01/02/2018**Buy****9.40 EUR**

Close (31/01/2018) 5.72 EUR

Bloomberg: BVB WKN: 549309

Sector Media

Share price performance

52 week high 8.28

52 week low 5.09

Compared to Prime All Share

YTD -9.2%

1 month -9.2%

12 months -9.2%

**Share data**

Market Cap (m EUR) 525.8

No. of shares (m) 92.0

Free float 60.8%

Trading vol. Ø (m EUR) 1.8

Next event

15/02/2018 Quarterly Results

Analyst

Christoph Schlienkamp, Investmentanalyst DVFA

Phone: +49 (0)211 4952-311

christoph.schlienkamp@bankhaus-lampe.de

See end of document for disclaimer.

Yesterday, BVB announced the transfer of Pierre-Emerick Aubameyang to Arsenal and solved one of its problems. Marc Bartra will also leave BVB. This news has a positive impact on the P&L and cash-flow trend for the current FY 2017/18. As we evaluate the company using an SOTP model, we see a limited impact on our price target as we had put the value of Aubameyang at € 65 m and therefore close to the transfer compensation of € 63.75 m. We valued Marc Bartra at € 10 m, which was also close to the compensation of € 10.5 m. All in all, we reiterate our price target of € 9.40 because we see growth potential in all segments.

KEY TAKEAWAYS

- BVB announced the transfer of Pierre-Emerick Aubameyang to Arsenal. The fixed transfer compensation amounts of € 63.75 m. Borussia Dortmund also transferred Marc Bartra to Betis Sevilla. We assume that the transfer compensation is around € 10.5 m.
- With the realisation of this transaction and based on the current planning and forecast, BVB has increased its guidance for 2017/18. The management team now expects total revenues of significantly more than € 500 m and an annual net profit in the mid-double-digit million euros. The previous forecast was an annual net profit in the low single-digit millions.
- We will update our numbers in due course. Given our valuation approach, the impact on the price target is limited as our price target of € 9.40 takes account of the adjusted value of the squad and the brand value. As we valued Aubameyang at € 65 m and Bartra at € 10 m the transfer compensations are fully in line with our current valuation approach.
- Nevertheless, we believe the stock is clearly undervalued.

in m EUR	2015/16	2016/17	2017/18e	2018/19e	2019/20e
Sales	376.3	405.7	503.5	425.5	457.5
EBITDA	86.7	74.1	104.7	75.1	91.1
EBITDA margin	23.0%	18.3%	20.8%	17.7%	19.9%
Net financial debt	4.3	13.0	25.2	24.8	11.0
Free cash-flow	6.1	5.8	-7.0	9.6	19.3
EPS (in EUR)	0.32	0.09	0.29	0.07	0.18
DPS (in EUR)	0.06	0.06	0.10	0.06	0.06
Dividend yield	1.0%	1.0%	1.7%	1.0%	1.0%
EV/Sales	1.5	1.3	1.1	1.3	1.2
EV/EBITDA	6.5	7.3	5.3	7.3	5.9
P/E	19.1	64.0	19.7	79.2	32.3

Source: Company information, Bankhaus Lampe Research estimates

Disclaimer

The creation of this recommendation was finalised on 01/02/2018 09:20 AM (MEZ) and first published on 01/02/2018 09:23 AM (MEZ).

Analyst declaration

The relevant research analysts, as named on the front cover of this research report, certify that (a) all of the views expressed in this research report accurately reflect their personal views about the securities and companies mentioned in this research report; and (b) that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views expressed by them in this research report.

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.

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 (31/01/2018): 5.72 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

The distribution of recommendations in our investments universe is currently as follows (date: 01/01/2018)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	45.7%	60.0%
Hold	50.6%	40.0%
Sell	3.7%	0.0%
Under Review	0.0%	0.0%

Frequency of updates

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

Complete list of recommendations

The complete list of recommendations for each financial instrument of the last twelve months is available on our [website](#).

Prevention and dealing with conflicts of interest

The measures taken by Bankhaus Lampe KG within the framework of its management of conflicts of interest in order to prevent and handle conflicts of interest are based, among other things, on the functional separation of sensitive business units, the establishment of confidentiality units by setting up information barriers, the establishment of organisational regulations regarding the treatment of confidential and sensitive information both inside and outside the confidentiality units and the monitoring and limitation of private securities transactions conducted by employees working in sensitive areas of Bankhaus Lampe KG. Conflicts of interest that cannot be avoided despite the measures taken are disclosed. Compliance with the internal and organisational provisions to prevent and handle conflicts of interest is monitored by the independent Compliance unit.

Conflict of interest

Disclosures of potential conflicts of interest relating to Bankhaus Lampe KG, its affiliates and subsidiaries in the following companies named in this research report are valid as of the end of the month prior to the publication of this report (updating this information may take up to ten days after the month comes to an end).

Potential conflicts of interests may exist in the following companies named in this research report.

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

Declaration of liability

The information in this study is based on public sources which the author(s) believe(s) to be reliable. Nevertheless, neither Bankhaus Lampe KG, nor its affiliated companies, nor the legal representatives, supervisory board members and employees of these companies can assume any guarantee for the correctness, completeness and accuracy of the information. All opinions and evaluations expressed in this study only reflect the current opinions and evaluations of the author(s), which do not necessarily correspond to the opinions and evaluations of other spheres of business of Bankhaus Lampe KG or its affiliated companies. All opinions and evaluations can be changed at any time without prior notice. They may differ from views set out in other documents, including research, published by Bankhaus Lampe KG.

This study is directed to institutional investors with registered offices in the European Union as well as in Switzerland, Liechtenstein and the United States of America, to whom the Bank has deliberately made it available. Its contents are for information purposes only and are not to be regarded as an offer or invitation to buy or sell financial instruments. Private investors who come to know the contents of this study should, before making a concrete investment decision, consult the investment adviser of their bank on whether any recommendation for a certain investment decision contained in this study is suitable for them in view of their investment objectives and financial conditions. The adviser may not share the views contained herein on the financial instruments and their issuers.

The completion and publication of this study is subject to the law of the Federal Republic of Germany. Its publication in other jurisdictions may be restricted by applicable laws or other legal regulations. Persons with residence outside the Federal Republic of Germany who come into possession of this study must inform themselves about any applicable restrictions that they are obligated to observe. They are recommended to contact the authorities of their country that are responsible for the monitoring of financial instruments and of markets in which financial instruments are traded, in order to find out whether there are any restrictions on acquisition regarding the financial instruments this study refers to. This study may neither be reprinted, in whole or in part, nor transferred to an information system, nor stored in any way whatsoever, be it electronically, mechanically, via photocopy, or by any other means, except with the prior written approval of Bankhaus Lampe KG.

Additional information for clients in the United Kingdom

Publications in the United Kingdom are distributed by Lampe Capital UK (Services) Limited, 2 Savile Row, London W1S 3PA, United Kingdom and this report is only directed at persons who are investment professionals under Article 19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 and the investment or investment activity to which this report relates is only available to and will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely upon the contents of this report.

Additional information for clients in the United States

This research report has been prepared and approved by Bankhaus Lampe KG, a full-service bank in Germany. Bankhaus Lampe KG is not a registered broker/dealer in the United States and therefore is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts.

The research report is distributed solely to "major U.S. institutional investors" within the United States. Lampe Capital North America LLC assumes responsibility for the distribution of this research report within the United States on behalf of Bankhaus Lampe KG in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended.

Any US recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Lampe Capital North America LLC. Lampe Capital North America LLC may be contacted in writing or by phone: Lampe Capital North America LLC, 712 Fifth Avenue, 28th floor, New York, NY 10019, U.S. phone: +1-212-218 7410. Lampe Capital North America LLC is a wholly owned subsidiary of Bankhaus Lampe KG. Under no circumstances should any US recipient effect any transaction to buy or sell securities or related financial instruments through Bankhaus Lampe KG.

Bankhaus Lampe KG, Jägerhofstraße 10, D-40479 Düsseldorf is responsible for this study.

Further information may be obtained from Bankhaus Lampe KG.

01 February 2018

Contacts

GENERAL PARTNER

Ute Gerbaulet

+ 49 (0)211 4952-656

ute.gerbaulet@bankhaus-lampe.de

HEAD OF EQUITIES

Ralf Menzel

+ 49 (0)211 4952-282

ralf.menzel@bankhaus-lampe.de

EQUITY SALES CONTINENTAL EUROPE

Ulrich Klingmüller

+ 49 (0)211 4952-784

ulrich.klingmueller@bankhaus-lampe.de

EQUITY SALES IN GB

Yusuf Bilgic

+ 44 (0)203 405 4318

yb@lampe-capital.com

EQUITY SALES IN US

Björn Kahl

+1 212 218 7411

bjorn.kahl@lampe-capital-us.com

EQUITY SALES TRADING CONTINENTAL EUROPE

Nils Carstens

+ 49 (0)211 4952-758

nils.carstens@bankhaus-lampe.de

EQUITY SALES TRADING IN GB

Chris Ford

+ 44 (0)203 405 1083

cf@lampe-capital.com

EQUITY SALES TRADING IN US

Per Hallgren

+1 212 218 7415

per.hallgren@lampe-capital-us.com

Bankhaus Lampe Research

Jägerhofstraße 10

D - 40479 Düsseldorf

research@bankhaus-lampe.de

📞 + 49 (0)211 4952-678

📠 + 49 (0)211 4952-494