



Borussia Dortmund GmbH & Co. KGaA

A store of value

11/09/2020

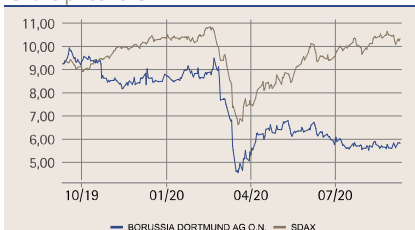
Buy	(Buy)
8.30 EUR	(8.60 EUR)

Close 09/09/2020	5.83 EUR
Bloomberg: BVB GY	WKN: 549309
Sector	Media

Share price performance

52 week high / low	9.93 / 4.56 EUR
YTD	-33.8%
12 months	-36.5%

Share price vs. SDAX



Next event

Quarterly Results	13/11/2020
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Change in model

	Sales	EBITDA	EPS
2019/20e	-11.3%	-27.2%	-421.3%
2020/21e	-16.8%	-61.8%	-670.5%
2021/22e	-9.0%	-35.9%	-243.3%

Share data

Market Cap (m EUR)	535.9
No. of shares (m)	92.0
Free float	60.8%

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See end of document for disclaimer.

We confirm our BUY rating, although we expect a difficult start to the new 2020/21 season. As long as spectators have to stay away from the stadiums, earnings are likely to remain under pressure. Consequently, we have lowered our estimates. However, we believe that transfer values and brand value are the key parameters to focus on. Our analysis shows a hoard of stability here. Thanks to this robust base, BVB should be able to get through this difficult Covid-19 period, in our view.

INVESTMENT CASE

Our BUY rating is based on stable transfer values and a stabilising operating performance - this primarily refers to matches with spectators. Recent signals are positive: Transfer values are extremely stable, especially at the high end, as our analysis shows, and BVB enjoys operational tailwind in FY 2020/21e thanks to new sponsoring contracts and reduced marketing costs. This should compensate for some of the Covid-19-related charges (games "behind closed doors"). Games behind closed doors seem to be coming to an end, albeit slowly because decision-makers are being very cautious. We reaffirm our positive stance.

CATALYSTS

- The return of spectators to the stadium
- Player sales (e.g. Jadon Sancho)
- Success in core competitions: Bundesliga, DFB Cup and Champions League

VALUATION

Our SOTP valuation has declined mainly due to lower estimates and a slightly reduced brand value. Moreover, in our valuation, we apply a 30% discount in order to account for transfer value risk, an extended "behind-closed-doors" phase and more adverse Covid-19 effects. With a new price target of € 8.30, we confirm our BUY rating for the stock.

in m EUR	2018/19	2019/20e	2020/21e	2021/22e	2022/23e
Sales	370.3	370.2	347.5	406.5	418.7
EBITDA	116.0	62.9	41.8	73.0	71.2
EBITDA margin	31.3%	17.0%	12.0%	18.0%	17.0%
Net financial debt	-10.7	4.7	-6.0	-67.1	-126.7
Free cash flow	5.2	-51.1	10.7	66.6	65.2
EPS (in EUR)	0.19	-0.48	-0.61	-0.21	0.32
DPS (in EUR)	0.06	0.00	0.06	0.06	0.10
Dividend yield	1.0%	0.0%	1.0%	1.0%	1.7%
EV/sales	1.4	1.5	1.5	1.2	1.0
EV/EBITDA	4.5	8.6	12.7	6.4	5.7
P/E	30.3	-12.2	-9.5	-27.9	18.1

Source: Company information, Bankhaus Lampe Research estimates

A DIFFICULT ENVIRONMENT, BUT RECENT SIGNALS ARE POSITIVE

We have updated our investment case after the turbulence around Covid-19 in the last few months. BVB has presented its final figures for the past 2019/20 season, all of the major leagues in Europe are now closed, and the European competitions have come to an end.

Valuation disregards inherent value and improving signals

Some uncertainty remains about whether matches can be played with spectators, but our analysis shows that things are improving notably with the first Bundesliga matches now planned with an audience. We have gained a clearer view on important value drivers for BVB: (i) the transfer market, (ii) TV broadcasting rights, and (iii) improved sponsorship contracts from 2020/21. These three drivers seem to be largely intact, and they are currently being overlooked by investors, in our view.

We expect a very weak start in Q1 2020/21 following the weak Q4 2019/20, but this is not surprising

Operations are set to remain bleak, especially in Q1 2020/21e. Seasonally, Q1 and Q4 (the start and the end of the season) are the weakest quarters in terms of revenue and earnings. Due to a low frequency of games, ticket and catering, revenues are expected to be very low. In this period, transfers typically dominate the operational performance. But this time, in Q4 2019/20 and as of yet in Q1 2020/21e, BVB player sales have been almost non-existent. In addition to missing player sales, visibility over operations is particularly low for Q1. The reason is missing ticketing revenues and other events in BVB's stadium (Signal Iduna Park), a delayed season start in September instead of early August, no friendly games before the season starts, and the limited number of German team matches (lowers payments for players sent). We consequently expect a very weak start in Q1 2020/21e with an estimated net loss of € -67 m (Q2 2019/20: € -47 m).

FOCUS Q2/Q3: KEY DRIVER WILL BE THE RETURN OF SPECTATORS

The return of spectators will have a direct and an indirect impact on the different earnings drivers, in our view:

- Ticketing, catering and fan shop revenues should recover once spectators return to the stadium. We assume that BVB loses € 2.5-3.0 m per home game.
- Moreover, non-match-day events in the Signal Iduna Park might also return and notably improve utilisation of the stadium.

Besides direct impacts, other benefits might evolve as well:

- Advertising demand should pick up (e.g. hospitality packages).
- TV broadcasting budgets should be paid in full. Currently, we see a rising risk that games behind closed doors might lead to discounts as seen during the first lockdown (7% discount).
- Ultimately, we see rising confidence about football teams as going concerns could ease liquidity shortage in the transfer market as well.

Return of spectators crucial in our view, we have hopes of a quick return

Currently, the situation is difficult to assess. This is especially true in the absence of declining infection numbers and an effective Covid-19 vaccine. However, at least there are discussions that suggest we might see spectators back in the stadiums in the near term.

- In Germany, large events are generally forbidden until the end of October. The DFL, however, is trying to get supporters in the stadiums from the start of the new season on 11 September.
- In early August 2020, the German Football League (DFL) published a concept to serve as a guideline and to help football clubs to create a local concept. To this end, DLF will provide a calculation tool. This includes the possibility to consider local parameters to determine the optimal stadium capacity. Furthermore, the essential cornerstones of the concept are: no standing capacity, no guest fans, no alcohol, and all fans must register. **However, each club must have its specific concept approved by the local authorities.**
- In some regions, there will be spectators in the stadium at the start of the season. Regions with a low number of new infections are starting to open the gates (e.g. Berlin, Leipzig). Union Berlin and Hertha BSC, the two Berlin Bundesliga clubs, plan to start with 5,000 spectators, which complies with local health standards. Red Bull Leipzig plans to open the gates for 8,500 (20% of stadium capacity) spectators. Again, this has been approved by the local health authorities.
- Recent policy statements about the return of spectators are supportive as well. Germany's health minister Jens Spahn recently indicated that a gradual return looks feasible. However, he also said that this could only be the case throughout Germany from November 2020 onwards. Nonetheless, the signs are pointing in the right direction. The cities and municipalities are responsible for the local approval of the concepts based on the frameworks provided by the federal states. Accordingly, developments in Berlin and Leipzig should be viewed with great interest and may even increase the chance of an earlier return in other regions. As of yet, BVB might start the season with no spectators in September.

BESIDES GAMES BEHIND CLOSED DOORS, WE SEE IMPROVEMENTS

We have seen stabilising signs elsewhere: in the transfer market, TV revenues and sponsorships.

- **Transfer market:** Most recent statements suggest that the transfer market is dead due to Covid-19. We disagree as several large deals have taken place and we feel that the quality of the purchases was high in relation to the prices paid. Looking at transfer deals worth at least € 5 m since July 2020, 38 of 77 transfers generated a premium. And the total average premium amounted to 15%. The highest 10 transfers even showed a premium of 37% on average. When we if exclude the deal with Leroy Sane (long-time injuries), the deal for Timo Werner who only had one year left on his contract, and also the immaterial -1% discount for Kai Havertz, the adjusted average premium would soar to +62% for the remaining top-7 deals. What's more, only one transfer (Achraf Hakimi) would have showed a discount in the top 10.
- **The market might look illiquid currently, but is far from collapsing – especially at the high end. This is a good sign for BVB's squad value, in our view. This is especially true if we look at Jadon Sancho, BVB's most valuable player according to transfermarkt.de (€ 117 m).**

Transfer deals since July 2020

All transfers at least € 5 m (since 1.7.2020)		in %
Premium	38	52%
Discounts	30	41%
Total number of transactions	73	
Mean Premium / Discount	17%	

Source: transfermarkt.de, Bankhaus Lampe Research

All transfers at least € 20 m (since 1.7.2020)		in %
Premium	20	65%
Discounts	10	32%
Total number of transactions	31	
Mean Premium / Discount	32%	

Source: transfermarkt.de, Bankhaus Lampe Research

Top 10 transfers (since 1.7.2020)		in %
Premium	6	60%
Discounts (incl. T. Werner, L. Sane; and K. Haver)	4	40%
Total number of transactions	10	
Mean Premium / Discount	37%	

Source: transfermarkt.de, Bankhaus Lampe Research

- According to transfermarkt.de, the total number of transfers since 01/07/2020 of players with a transfer value of at least € 5 m amounted to 73 (as of 09/09/2020).
- 42% of the transfers were worth more than € 20 m, and the highest 10 transfer values accounted for 14% of all transfers.
- More often than not, a premium was paid that on average amounted to 17%.
- The top ten transfers showed a premium of 37%.

- **Bundesliga TV broadcasting rights 2020/21:** At least, financing was secured, which is a good sign in the current situation. As a result of re-negotiations during the Covid-19 crisis, the payments for the current season were slightly reduced. Instead of a targeted increase of almost 5% yoy to around € 1.3 bn, only € 1.2 bn will be paid out. This is 7% below the former agreement and a decrease of 3% on the previous year.
- For BVB, we estimate that if they finish in the same ranking as in 2019/20 (including an elimination from the DFB Pokal before the round of sixteen), the income from TV marketing should drop by 3% accordingly. Relevant for the payout is a 5-year ranking in the Bundesliga where BVB ranks #2 behind Bayern Munich. The current number three is RB Leipzig. What's more, BVB can even enter the season with confidence, as the cushion to RB Leipzig is high. Only a ranking that is worse by at least three places than RB Leipzig would lead to a greater reduction in the expected TV marketing income.
- **New broadcasting contract 2021/22-2025/26:** For the new 4-year period a budget of € 4.4 bn has been agreed (in August). Again, planning safety has improved following the deal. However, again, revenues are 3% yoy below the last broadcasting package.
- **BVB secured sponsoring funds just in time:** BVB was able to win 1+1 as the second jersey sponsor for the Bundesliga games alongside Evonik (international games). In addition, the conditions with the equipment manufacturer Puma were improved. Together we expect increased revenues of € 20 m p.a. Furthermore, the contract with sports rights marketer Sportfive (formerly Lagadère Sports) has been renegotiated. We estimate that BVB now pays € 20 m less than before.

Estimates lowered - missing spectators are a burden

CHANGES IN OUR ESTIMATES

- We have revised our estimates and changed our approach slightly. We now assume there will be no spectators until the end of October and only a slight return after that. Furthermore, our new approach no longer assumes transfer revenues. Previously, these were around € 30 m p.a. Due to the fact that these figures are almost impossible to estimate, we no longer reflect them.
- In absence of player sales, we forecast a net loss in FY 2020/21e and FY 2021/22e.
- New sponsoring contracts should boost revenues by € +20 m and the renegotiated Sportfive marketing-related contract saves € 20m p.a.

Changes in our estimates

(€ m)	19/20e			20/21e			21/22e		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	417.4	370.2	-11%	417.5	347.5	-17%	446.9	393.9	-12%
EBITDA	86.5	62.9	-27%	109.4	41.8	-62%	113.9	81.1	-29%

Source: Bankhaus Lampe Research estimates

Bankhaus Lampe vs. consensus

(€ m)	19/20e			20/21e			21/22e		
	BHL	Consensus	Delta	BHL	Consensus	Delta	BHL	Consensus	Delta
Sales	370.2	370.2	0%	347.5	433.6	-20%	393.9	468.6	-16%
EBITDA	62.9	71.4	-12%	41.8	109.3	-62%	81.1	109.7	-26%
EPS €	-0.48	-2.90	n/a	-0.61	41.47	n/a	-0.27	19.60	n/a
DPS €	0.00	-0.29	n/a	0.00	0.06	-100%	0.00	0.17	-100%

Source: Bankhaus Lampe Research estimates, Company Consensus

- The sales figure is not comparable as it is unclear to what extent consensus estimates reflect transfer revenues and which player sales assumptions are made. Our new approach does not take transfer revenue estimates into account.

Valuation

Price target reduced to € 8.30

The development of the transfer values, the brand value and the change in net liquidity are the main factors driving the valuation. In total, we arrive at a new price target per BVB share of € 8.30, down from € 8.60 previously. The reduction was mainly driven by lower estimates (for net debt) and marginally reduced brand value.

- **Transfer values:** Transfer market values have been extraordinarily stable recently. Following the most recent changes in squad (as per 18 August 2020), we calculate a 2% higher squad value than at the end of July, shortly after the end of the season. Since our last update, transfer values have even risen by ~ 7%.
 - We acknowledge that liquidity is low currently. However, as shown above, the latest transfers do indicate that premiums have been achieved on transfer value estimates. This was especially true for the highest 10 transfers in terms of value. We therefore see a good store of value as of yet.
 - BVB's three highest transfer values (Jadon Sancho, Erling Haaland, and Julian Brandt) remained unchanged. Giovanni Reyna and Yousoufa Moukoko, for example, are not even included in our valuation. According to transfermarkt.de, Giovanni Reyna has a market value of € 15 m or € 0.16 per share (2% of the new price target).
- **Brand value:** According to latest figures from brand valuation consultancy Brand Finance, BVB's brand value declined by 9% yoy to € 487 m. We also assume that the brand value derived from Forbes has showed the same decline amounting to € 728 m. We apply a weighted average of both figures in our valuation.
- **Net debt:** At the end of FY 2019/20, net liquidity should have come to € -5 m. For 2020/21, in case of a season without spectators we would assume that BVB could face a cash flow drag of € -60 m (€ -3.5 m per game x 17 home games). This would bring net debt down further. Our SOTP scenario analysis signals that a decline of the net debt by € 50-100 m would result in a € 0.30-0.70 lower fair value (i.e. € 7.60-8.00).
- **Valuation discount:** In our SOTP valuation, we apply a 30% to reflect uncertainty regarding brand value and transfer values (e.g. illiquidity) and to account for Covid-19-related risk (e.g. "games behind closed doors").

ADJUSTED NAV CALCULATION		Valuation
adj. value of the squad [mn €]		535
Brand Value		567
Total values		1,102
Discount		30%
Total values at 30% discount		771
Net liquidity		-5
Total values		767
Num. of shares [mill.]		92.0
Fair value per share [€]		8.3
Sensitivity of fair value per share		
Change in adj. Value of the squad or Brand Value	+100 m	9.1
	+50 m	8.7
	0 m	8.3
	-50 m	8.0
	-100 m	7.6

Source: Company information, Transfermarkt.de, Bankhaus Lampe Research

MAIN RISKS TO OUR INVESTMENT CASE

- The impact of the Covid-19 pandemic could be harsher or more protracted than we expect.
- Sporting success cannot be relied upon. Elimination from a cup competition reduces the brand value, while going through to the next round is positive.
- A higher-than-expected bid for a player could drive up the squad value, while an injury of a highly valued player could drive it down. And in terms of numbers, major deviations from our forecasts are possible as transfers are unpredictable.

Appendix

Squad value as of 08/2020

	Player	Market Value		adj. PV in € m	% of squad value
		08/2020	Contract till		
Goalkeeper	1 Roman Bürki	11.0	30/06/23	11.0	2%
	35 Marwin Hitz	2.0	30/06/21		
	25 Luca Unbehaun	0.4	30/06/22	0.4	0%
Defence	5 Dan-Axel Zagadou	31.5	30/06/22	31.5	6%
	15 Mats Hummels	24.0	30/06/22	24.0	4%
	16 Manuel Akanji	20.0	30/06/22	20.0	4%
	14 Nico Schulz	12.0	30/06/24	12.0	2%
	29 Marcel Schmelzer	1.4	30/06/21		
	24 Thomas Meunier	24.0	30/06/24	24.0	4%
	2 Mateu Morey	3.0	30/06/24	3.0	1%
	26 Lukasz Piszczek	2.0	30/06/21		
Midfield	30 Felix Passlack	1.3	30/06/21		
	23 Emre Can	24.0	30/06/24	24.0	4%
	28 Axel Witsel	21.5	30/06/22	21.5	4%
	37 Tobias Raschl	0.9	30/06/22	0.9	0%
	19 Julian Brandt	40.0	30/06/24	40.0	7%
	6 Thomas Delaney	17.5	30/06/22	17.5	3%
	22 Jude Bellingham	11.0	30/06/23	11.0	2%
	8 Mahmoud Dahoud	6.5	30/06/22	6.5	1%
	13 Raphaël Guerreiro	35.0	30/06/23	35.0	7%
	11 Marco Reus	25.0	30/06/23	25.0	5%
	32 Giovanni Reyna	15.0	30/06/21		
	20 Reinier	22.5	30/06/22		
	29 Immanuel Pherai	0.8	30/06/21		
	Striker	10 Thorgan Hazard	32.0	30/06/24	32.0
7 Jadon Sancho		117.0	30/06/23	117.0	22%
27 Marius Wolf		6.5	30/06/23	6.5	1%
9 Erling Haaland		72.0	30/06/24	72.0	13%
18 Youssoufa Moukoko		0.0	30/06/22		
	Total	579.8		534.8	100%

Source: Transfermarkt.de, Bankhaus Lampe Research

Transfers since 01/07/2020

Player	Transfer date	Leaving	Joining	Transfermarkt.de market Value €m	Transfer value €m	Premium / Discount
Timo Werner	01.07.2020	RB Leipzig	Chelsea	64.0	53.0	-17%
Leroy Sane	15.07.2020	Manchester City	Bayern Munich	80.0	45.0	-44%
Suso	21.07.2020	AC Milan	Sevilla	17.5	21.0	20%
Jude Bellingham	23.07.2020	Birmingham	BVB	11.0	23.0	109%
Pedrinho	03.08.2020	Corinthians	Benfica	13.5	20.0	48%
Francisco Trincão	03.08.2020	Braga	Barcelona	16.0	31.0	94%
Ferran Torres	04.08.2020	Valencia	Manchester City	45.0	23.0	-49%
Nathan Aké	05.08.2020	Bournemouth	Manchester City	28.0	45.3	62%
Konstantinos Tsimikas	10.08.2020	Ol.Piräus	Liverpool	9.0	13.0	44%
Jonathan Christian David	11.08.2020	Gent	Lille	25.0	32.0	28%
Kyle Walker-Peters	11.08.2020	Tottenham	Southampton	8.0	13.3	66%
Pierre-Emile Højbjerg	11.08.2020	Southampton	Tottenham	20.0	16.6	-17%
Enes Ünal	12.08.2020	FC Villareal	FC Getafe	8.0	9.0	13%
Mohammed Slisu	12.08.2020	Real Valladolid	FC Southampton	12.0	12.0	0%
Francis Coquelin	12.08.2020	FC Valencia	FC Villareal	14.0	6.5	-54%
Luca Waldschmidt	14.08.2020	SC Freiburg	Benfica	16.0	15.0	-6%
Everton	14.08.2020	Gremio	Benfica	28.0	20.0	-29%
Matheus Pereira	17.08.2020	Sporting Lissabon	West Bromwich Albion	9.5	9.1	-4%
Nikola Moro	17.08.2020	Dinamo Zagreb	Dinamo Moskau	6.0	8.5	42%
François Kamano	17.08.2020	G. Bordeaux	Lokomotiv Moskau	8.0	5.5	-31%
Seko Fofana	18.08.2020	Udinese Calcio	RC Lens	10.0	8.5	-15%
Aaron Ramsdale	19.08.2020	Sheffield United	Sheffield Utd.	12.5	20.5	64%
Ben Chilwell	26.08.2020	Leicester City	FC Chelsea	40.0	50.2	26%
Serhou Guirassy	27.08.2020	Amiens SC	FC Stade Rennes	8.0	15.0	88%
Chidera Ejuke	28.08.2020	SC Heerenveen	ZSKA Moskau	5.5	11.5	109%
Eberechi Eze	28.08.2020	Queens Park Rangers	Crystal Palace	9.0	17.8	98%
Robin Koch	29.08.2020	SC Freiburg	Leeds United	17.0	13.0	-24%
Óscar Rodríguez	29.08.2020	Real Madrid	FC Sevilla	15.0	13.5	-10%
Rodrigo	29.08.2020	FC Valencia	Leeds United	40.0	30.0	-25%
Matt Doherty	30.08.2020	Wolverhampton Wanderers	Tottenham Hotspur	16.0	16.8	5%
Gabriel Magalhães	01.09.2020	LOSC Lille	FC Arsenal	20.0	26.0	30%
Stefano Sensi	01.09.2020	US Sassuolo	Inter Mailand	20.0	20.0	0%
Karol Linetty	01.09.2020	Sampdoria Genua	FC Turin	10.0	7.5	-25%
Christian Kouamé	01.09.2020	FC Genua 1893	AC Florenz	17.5	11.0	-37%
Giovanni Simeone	01.09.2020	AC Florenz	Cagliari Calcio	15.0	12.0	-20%
Victor Osimhen	01.09.2020	LOSC Lille	SSC Neapel	40.0	70.0	75%
Vlad Chiriches	01.09.2020	SSC Neapel	US Sassuolo	5.0	9.0	80%
Alberto Grassi	01.09.2020	SSC Neapel	Parma Calcio 1913	5.5	6.9	25%
Grégoire Defrel	01.09.2020	AS Rom	US Sassuolo	8.0	9.0	13%
Achraf Hakimi	01.09.2020	Real Madrid	Inter Mailand	54.0	40.0	-26%
Miralem Pjanic	01.09.2020	Juventus Turin	FC Barcelona	45.0	60.0	33%
Arthur	01.09.2020	FC Barcelona	Juventus Turin	56.0	72.0	29%
Mario Pasalic	01.09.2020	FC Chelsea	Atalanta Bergamo	25.0	15.0	-40%
Jordan Veretout	01.09.2020	AC Florenz	AS Rom	24.0	16.0	-33%
Gianluca Mancini	01.09.2020	Atalanta Bergamo	AS Rom	22.0	13.0	-41%
Carles Pérez	01.09.2020	FC Barcelona	AS Rom	9.0	11.0	22%
Mikkel Damsgaard	01.09.2020	FC Nordsjælland	Sampdoria Genua	6.5	6.5	0%
Andrea Pinamonti	01.09.2020	Inter Mailand	FC Genua 1893	13.5	19.5	44%
Alfred Duncan	01.09.2020	US Sassuolo	AC Florenz	15.0	15.0	0%
Yann Karamoh	01.09.2020	Inter Mailand	Parma Calcio 1913	7.5	8.0	7%
Simone Verdi	01.09.2020	SSC Neapel	FC Turin	13.0	20.0	54%
Pol Lirola	01.09.2020	US Sassuolo	AC Florenz	10.0	11.0	10%
Marko Rog	01.09.2020	SSC Neapel	Cagliari Calcio	13.0	13.0	0%
Roberto Inglese	01.09.2020	SSC Neapel	Parma Calcio 1913	12.0	18.0	50%
Nicolò Barella	01.09.2020	Cagliari Calcio	Inter Mailand	50.0	25.0	-50%
Donny van de Beek	02.09.2020	Ajax Amsterdam	Manchester United	44.0	39.0	-11%
Kevin Volland	02.09.2020	Bayer 04 Leverkusen	AS Monaco	28.0	15.5	-45%
Philipp Max	02.09.2020	FC Augsburg	PSV Eindhoven	15.0	8.0	-47%
Timothy Castagne	03.09.2020	Atalanta Bergamo	Leicester City	18.0	24.0	33%
Gero Rulli	04.09.2020	Real Sociedad San Sebastián	FC Villarreal	8.0	5.0	-38%
Kai Havertz	04.09.2020	Bayer 04 Leverkusen	FC Chelsea	81.0	80.0	-1%
Darwin Núñez	04.09.2020	UD Almería	Benfica Lissabon	10.0	24.0	140%
Aleksey Miranchuk	04.09.2020	Lokomotiv Moskau	Atalanta Bergamo	18.0	14.5	-19%
Fábio Silva	05.09.2020	FC Porto	Wolverhampton Wanderers	12.0	40.0	233%
Sergio Rico	05.09.2020	FC Sevilla	FC Paris Saint-Germain	8.0	6.0	-25%
Allan	05.09.2020	SSC Neapel	FC Everton	28.0	25.0	-11%
Callum Wilson	07.09.2020	AFC Bournemouth	Newcastle United	20.0	22.3	11%
Gonzalo Martínez	07.09.2020	Atlanta United FC	Al-Nasr Riad	12.0	16.4	36%
Patrik Schick	08.09.2020	AS Rom	Bayer 04 Leverkusen	25.0	26.5	6%
Abdoulaye Doucouré	08.09.2020	FC Watford	FC Everton	20.0	22.1	11%
Jamal Lewis	08.09.2020	Norwich City	Newcastle United	11.0	16.5	50%
Ollie Watkins	09.09.2020	FC Brentford	Aston Villa	12.0	30.8	157%
Steve Mounié	09.09.2020	Huddersfield Town	Stade Brest 29	6.5	5.0	-23%
Highest 10 transfers						

Source: transfermarkt.de, Bankhaus Lampe Research

Key figures

Borussia Dortmund GmbH & Co. KGaA – Income statement

in m EUR	2018/19	2019/20e	2020/21e	2021/22e	2022/23e
Sales	370.3	370.2	347.5	406.5	418.7
Own work capitalised	0.0	0.0	0.0	0.0	0.0
Total sales	370.3	370.2	347.5	406.5	418.7
Material expenses	-21.3	-22.4	-21.1	-21.2	-21.8
Personnel expenses	-205.1	-215.2	-205.0	-222.7	-233.9
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0
Other operating result	-27.9	-69.7	-79.7	-89.6	-91.8
EBITDA	116.0	62.9	41.8	73.0	71.2
Depreciation	92.5	106.1	106.1	95.0	44.7
EBITA	23.5	-43.2	-64.3	-22.0	26.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0
EBIT	23.5	-43.2	-64.3	-22.0	26.5
Financial result	-1.6	-3.4	-5.8	-2.1	-2.1
Income on ordinary activities	21.9	-46.6	-70.2	-24.1	24.4
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0
EBT	21.9	-46.6	-70.2	-24.1	24.4
Taxes	-4.4	2.6	14.0	4.8	5.2
Net income from cont. operations	17.5	-44.0	-56.1	-19.2	29.6
Net income from discount. operations	0.0	0.0	0.0	0.0	0.0
Minority interest	0.0	0.0	0.0	0.0	0.0
Net income (adj.)	17.5	-44.0	-56.1	-19.2	29.6
No. of shares	92.0	92.0	92.0	92.0	92.0
EPS	0.19	-0.48	-0.61	-0.21	0.32

Source: Company information, Bankhaus Lampe Research estimates

	2018/19	2019/20e	2020/21e	2021/22e	2022/23e
Gross margin	94.3%	94.0%	93.9%	94.8%	94.8%
EBITDA margin	31.3%	17.0%	12.0%	18.0%	17.0%
EBITA margin	6.3%	-11.7%	-18.5%	-5.4%	6.3%
EBIT margin	6.3%	-11.7%	-18.5%	-5.4%	6.3%
EBT margin	5.9%	-12.6%	-20.2%	-5.9%	5.8%
Net profit margin	4.7%	-11.9%	-16.1%	-4.7%	7.1%
Tax rate	20.1%	5.6%	20.0%	20.1%	-21.4%

Source: Company information, Bankhaus Lampe Research estimates

Growth rates yoy	2018/19	2019/20e	2020/21e	2021/22e	2022/23e
Sales	-30.9%	0.0%	-6.1%	17.0%	3.0%
EBITDA	-8.4%	-45.7%	-33.6%	74.7%	-2.5%
EBIT	-34.9%	-	-49.0%	65.8%	-
EBT	-31.0%	-	-50.6%	65.7%	-
Net income (adj.)	-38.5%	-	-27.6%	65.7%	-
EPS	-38.5%	-	-27.6%	65.7%	-

Source: Company information, Bankhaus Lampe Research estimates

Borussia Dortmund GmbH & Co. KGaA – Balance sheet

Assets (in m EUR)	2018/19	2019/20e	2020/21e	2021/22e	2022/23e
Fixed assets	371.7	441.5	365.5	264.8	224.5
Property, plant and equipment	184.0	193.0	196.9	200.8	204.9
Intangible assets	163.7	229.7	149.7	44.7	0.0
Financial assets	0.1	0.3	0.1	0.1	0.1
Other long-term assets	24.0	18.4	18.8	19.2	19.6
Current assets	128.4	76.5	88.8	143.2	204.4
Inventories	4.6	6.8	6.9	7.0	7.2
Accounts receivable	30.1	12.7	12.9	13.2	13.5
Other current assets	37.9	53.8	54.8	55.9	57.1
Securities	0.0	0.0	0.0	0.0	0.0
Cash	55.9	3.3	14.2	67.1	126.7
Total assets	500.1	518.0	454.3	408.0	428.9
Equity and liabilities in m EUR					
Shareholders' equity	354.9	305.4	249.3	224.6	248.7
Shareholders' equity (before minority)	354.9	305.4	249.3	224.6	248.7
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	17.1	89.9	79.9	64.2	58.6
Pension provisions	0.0	0.0	0.0	0.0	0.0
Other provisions	0.0	0.0	0.0	0.0	0.0
Long-term financial debt	8.4	0.0	0.0	0.0	0.0
Other long-term debt	8.7	89.9	79.9	64.2	58.6
Current liabilities	128.1	122.6	125.1	119.2	121.6
Short-term debt	36.8	8.0	8.2	0.0	0.0
Other accruals short-term	1.7	0.0	0.0	0.0	0.0
Accounts payable	60.7	67.4	68.8	70.2	71.6
Other liabilities	29.0	47.1	48.1	49.1	50.0
Total equity and liabilities	500.1	518.0	454.3	408.0	428.9

Source: Company information, Bankhaus Lampe Research estimates

Borussia Dortmund GmbH & Co. KGaA – Balance sheet structure

Assets	2018/19	2019/20e	2020/21e	2021/22e	2022/23e
Fixed assets	74.3%	85.2%	80.4%	64.9%	52.3%
Property, plant and equipment	36.8%	37.3%	43.3%	49.2%	47.8%
Intangible assets	32.7%	44.3%	32.9%	10.9%	0.0%
Current assets	25.7%	14.8%	19.6%	35.1%	47.7%
Inventories	0.9%	1.3%	1.5%	1.7%	1.7%
Accounts receivable	6.0%	2.4%	2.8%	3.2%	3.1%
Cash	11.2%	0.6%	3.1%	16.4%	29.5%
Equity and liabilities					
Shareholders' equity	71.0%	59.0%	54.9%	55.0%	58.0%
Non-current liabilities	3.4%	17.4%	17.6%	15.7%	13.7%
Pension provisions	0.0%	0.0%	0.0%	0.0%	0.0%
Long-term financial debt	1.7%	0.0%	0.0%	0.0%	0.0%
Current liabilities	25.6%	23.7%	27.5%	29.2%	28.4%
Short-term debt	7.4%	1.6%	1.8%	0.0%	0.0%
Accounts payable	12.1%	13.0%	15.1%	17.2%	16.7%

Source: Company information, Bankhaus Lampe Research estimates

Borussia Dortmund GmbH & Co. KGaA – Cash flow statement

in m EUR	2018/19	2019/20e	2020/21e	2021/22e	2022/23e
Net income (adj.)	17.5	-44.0	-56.1	-19.2	29.6
Depreciation	92.5	106.1	106.1	95.0	44.7
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0
Change of provisions	0.5	-1.7	0.0	0.0	0.0
Other	0.0	0.0	-10.0	0.0	0.0
Operating cash flow before changes in w/c	110.5	60.5	40.0	75.8	74.3
Change in inventory	1.0	-2.2	-0.1	-0.1	-0.1
Change in accounts receivable	-7.1	17.4	-0.3	-0.3	-0.3
Change in accounts payable	6.1	6.8	1.3	1.4	1.4
Change in other assets	-81.8	-82.8	-0.1	-0.1	-0.1
Operating cash flow	28.7	-0.4	40.8	76.6	75.2
Capex, incl. capitalized R&D	-139.4	-146.6	-30.3	-10.0	-10.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	-0.3	0.2	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0
Income from financial investments	115.9	96.1	0.0	0.0	0.0
Cash flow from investing activities	-23.5	-50.8	-30.1	-10.0	-10.0
Free cash flow	5.2	-51.1	10.7	66.6	65.2
Capital measures	0.0	0.0	0.0	0.0	0.0
Increase/decrease in debt position	-3.3	-3.9	0.2	-8.2	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0
Other financing Cash-flow	0.0	0.0	0.0	0.0	0.0
Dividend paid	-5.5	-5.5	0.0	-5.5	-5.5
Cash flow from financing activities	-8.8	-9.4	0.2	-13.7	-5.5
Increase/ decrease in liquid assets	-3.6	-60.6	10.9	52.9	59.6
Effects of exchange rate changes	0.0	8.0	0.0	0.0	0.0
Cash at beginning of period	59.5	55.9	3.3	14.2	67.1
Change in total cash and cash equivalents	-3.6	-52.5	10.9	52.9	59.6
Cash at end of period	55.9	3.3	14.2	67.1	126.7

Source: Company information, Bankhaus Lampe Research estimates

Borussia Dortmund GmbH & Co. KGaA – Ratios

	2018/19	2019/20e	2020/21e	2021/22e	2022/23e
Per Share Data					
EPS	0.19	-0.48	-0.61	-0.21	0.32
Book value per share	3.86	3.32	2.71	2.44	2.70
Free Cash-flow per share	0.06	-0.56	0.12	0.72	0.71
Dividend per share	0.06	0.00	0.06	0.06	0.10
Valuation ratios					
EV/Sales	1.4	1.5	1.5	1.2	1.0
EV/EBITDA	4.5	8.6	12.7	6.4	5.7
EV/EBIT	22.2	-12.5	-8.2	-21.3	15.4
P/E	30.3	-12.2	-9.5	-27.9	18.1
Price to book (total equity)	1.5	1.8	2.1	2.4	2.2
Dividend yield	1.0%	0.0%	1.0%	1.0%	1.7%
Profitability ratios					
EBITDA margin	31.3%	17.0%	12.0%	18.0%	17.0%
EBIT margin	6.3%	-11.7%	-18.5%	-5.4%	6.3%
Net return on sales	4.7%	-11.9%	-16.1%	-4.7%	7.1%
Return on capital employed (ROCE)	5.9%	-13.8%	-25.0%	-9.8%	10.7%
Productivity ratios					
Capital turnover	93.4%	106.3%	91.1%	52.9%	41.5%
Operating leverage	1.1	11.6	-8.0	-3.9	-73.5
Sales per employee (in thousands)	462,820	462,745	434,422	508,083	523,326
EBIT per employee (in thousands)	29,376	0	0	0	33,135
Number of employees (in thousands)	0.8	0.8	0.8	0.8	0.8
Financial ratios					
Equity ratio	71.0%	59.0%	54.9%	55.0%	58.0%
Net financial debt (in m EUR)	-10.7	4.7	-6.0	-67.1	-126.7
Net debt / Equity	-3.0%	1.5%	-2.4%	-29.9%	-51.0%
Interest cover	0.0	< -10	< -10	< -10	0.0
Net debt / EBITDA	-0.09	0.07	-0.14	-0.92	-1.78
Working Capital (in m EUR)	-26.0	-48.0	-49.0	-49.9	-50.9
Change in working capital (in m EUR)	0.0	-22.0	-1.0	-1.0	-1.0
WC /sales	-7.0%	-13.0%	-14.1%	-12.3%	-12.2%
Stocks in days of sales	5	7	7	6	6
Trade debtors in days of sales	30	13	14	12	12
Trade creditors in days of COGS/sales	60	66	72	63	62
Cash conversion cycle	-25	-46	-51	-45	-44
Invest. (property/plant/equity) / Depreciation	150.7%	138.2%	28.6%	10.5%	22.4%
Others					
Sales CAGR (last 3 years)	-0.5%	-3.0%	-13.5%	-6.0%	4.2%
EBIT CAGR (last 3 years)	-13.1%	-259.2%	-221.2%	-197.8%	-185.0%
Net income CAGR (last 3 years)	-15.2%	-274.5%	-225.3%	-203.1%	-187.7%
Pay-out ratio	31.5%	0.0%	-9.8%	-28.7%	31.1%
Free cash flow (in m EUR)	5.2	-51.1	10.7	66.6	65.2
Free cash flow yield	1.0%	-9.5%	2.0%	12.4%	12.2%

Source: Company information, Bankhaus Lampe Research estimates

Disclaimer

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Date of publication	Price at recommendation	Rating	Price target
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

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Company	Disclosure
Borussia Dortmund GmbH & Co. KGaA	9

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