

# Borussia Dortmund GmbH & Co KGaA

Others - Germany



**Buy** (old: Buy)

07.08.2024

**EUR 5.50** (old: EUR 5.50)

## Promising additions but still room for improvement

**Topic:** As we are in the midst of the summer transfer window, we want to take the opportunity to have a look on BVB's first squad additions and provide a first preview on the upcoming season.

Only two weeks after the bitter loss (0-2) in the UCL final against Real Madrid, management started the preparations for the next season. In a first step, the club decided to part ways with head coach Edin Terzic, who led the team to bespoke final and almost won the national championship the year before. As new head coach, the club appointed former player Nouri Sahin, who already served as assistant coach since January. Prior to this, Sahin gained first coaching experience in the Turkish league at Antalyaspor. We expect his playing style to be more dominant based on a controlled build-up, but it remains difficult for now to assess his qualities exactly.

On top of this, BVB so far has been quite active on the transfer market, as they added four key players to their 2024/25 squad. With Waldemar Anton (central defender) and Serhou Guirassy (forward), the club acquired two key players from last season's runners-up Stuttgart. Especially Guirassy, who made 30 goal contributions (therof 28 goals) last season, should become a valuable addition to the BVB offense. Moreover, German international Pascal Groß (central midfield) and Yan Couto (fullback) join the club from Premier League sides Brighton and ManCity.

With this the club should have more than compensated for the departures of veteran players like Hummels, Reus and Füllkrug as well as Maatsen and Sancho, whose loans ended in June. Yet, we expect BVB to remain active on both sides until the transfer window closes at the end of August, as management might be on the look for another offensive addition. According to transfermarkt.de, BVB spent € 47.5m on the signings of Guirassy, Anton and Groß as well as € 4m for the loan of Couto, while receiving € 27m for the disposal of Füllkrug on the other hand.

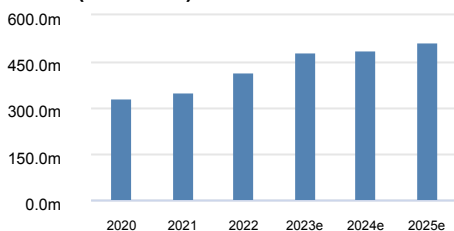
As of now, the team already looks improved compared to last season and should therefore be able to fight for a place in the Top-3 of the Bundesliga, which would qualify them for the 25/26 UCL season. Moreover, the club should be in a good position for another competitive run in the Champions League (eNuW: Round of 16).

Reiterate **BUY** with an unchanged **€ 5.50 PT** based on DCF.

Y/E 30.06 (EUR m)	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Sales	334.2	351.6	418.2	482.6	486.9	514.7
Sales growth	-9.7%	5.2%	18.9%	15.4%	0.9%	5.7%
EBITDA	38.9	80.8	123.2	165.5	154.5	163.3
Net debt (if net cash=0)	76.2	6.6	67.5	18.9	-12.2	-39.8
FCF	-46.1	-16.1	-22.3	48.6	31.1	34.2
Net Debt/EBITDA	2.0	0.1	0.5	0.1	0.0	0.0
EPS pro forma	-0.66	-0.32	0.09	0.51	0.20	0.23
EBITDA margin	11.7%	23.0%	29.5%	34.3%	31.7%	31.7%
ROCE	-22.2%	-9.6%	5.2%	16.8%	8.0%	8.7%
EV/sales	2.1	1.2	1.1	0.9	0.8	0.7
EV/EBITDA	17.8	5.0	3.8	2.5	2.5	2.2
PER	-5.5	-11.4	41.8	7.2	18.2	16.0
Adjusted FCF yield	-10.4%	-7.6%	3.4%	12.7%	6.0%	7.5%

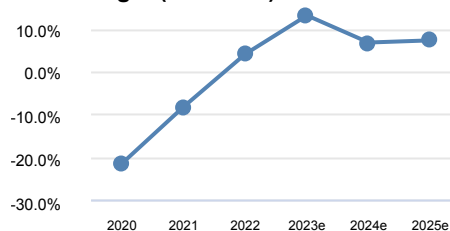
Source: Company data, NuWays, Close price as of 05.08.2024

### Sales (2020-25e)



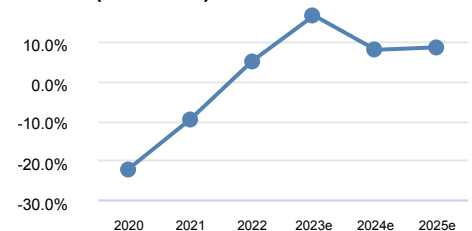
Source: NuWays Research

### EBIT margin (2020-25e)



Source: NuWays Research

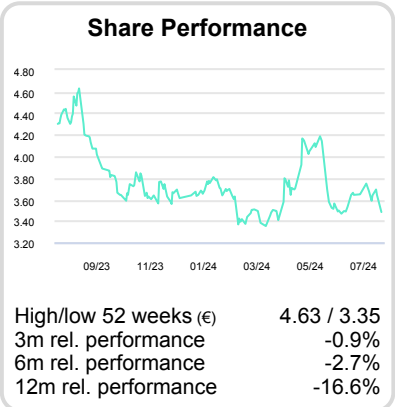
### ROCE (2020-25e)



Source: NuWays Research

### Company description

Borussia Dortmund operates a professional football club with a strong brand power and reputation in both national and international football. The main revenues are generated from sponsorship, ticketing, transfers and merchandising.



### Market data

Share price (in €)	3.48
Market cap (in € m)	399.6
Number of shares (in m pcs)	110.4
Enterprise value (in € m)	387.4
Ø trading volume (6 months)	136,745

### Identifier

Bloomberg	BVB GR
Reuters	BVB.DE
WKN	549309
ISIN	DE0005493092

### Key shareholders

Bernd Geske	8.2%
Evonik Industries AG	8.2%
SIGNAL IDUNA	6.0%
PUMA SE	5.3%
Ralph Dommermuth Beteiligungen GmbH	5.0%
Free Float	67.2%

### Estimates changes

	2023/24e	2024/25e	2025/26e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

### Comment on changes

### Guidance

- Sales: ≥ € 427m
- EBITDA: € 104-114m
- Net income: € 33-43m

## Financials

Profit and loss (EUR m)	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
<b>Net sales</b>	<b>334.2</b>	<b>351.6</b>	<b>418.2</b>	<b>482.6</b>	<b>486.9</b>	<b>514.7</b>
<i>Sales growth</i>	-9.7%	5.2%	18.9%	15.4%	0.9%	5.7%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>334.2</b>	<b>351.6</b>	<b>418.2</b>	<b>482.6</b>	<b>486.9</b>	<b>514.7</b>
Other operating income	25.8	85.4	79.3	125.6	105.8	111.9
Material expenses	19.6	22.6	24.1	35.3	34.1	36.0
Personnel expenses	215.6	231.2	236.2	253.0	243.5	257.3
Other operating expenses	85.8	102.4	114.0	154.4	160.7	169.8
<b>Total operating expenses</b>	<b>295.2</b>	<b>270.9</b>	<b>295.0</b>	<b>317.1</b>	<b>332.4</b>	<b>351.3</b>
<b>EBITDA</b>	<b>38.9</b>	<b>80.8</b>	<b>123.2</b>	<b>165.5</b>	<b>154.5</b>	<b>163.3</b>
Depreciation	14.6	14.4	14.0	13.5	16.0	16.6
<b>EBITA</b>	<b>24.4</b>	<b>66.3</b>	<b>109.3</b>	<b>152.0</b>	<b>138.5</b>	<b>146.8</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	96.5	95.5	92.3	88.9	105.7	109.5
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>-72.1</b>	<b>-29.2</b>	<b>16.9</b>	<b>63.1</b>	<b>32.8</b>	<b>37.3</b>
Interest income	0.7	0.7	0.0	8.0	1.0	1.0
Interest expenses	1.7	4.9	6.1	5.4	2.4	2.6
Investment income	-0.1	0.0	0.0	0.0	0.0	0.0
Financial result	-1.1	-4.2	-6.1	2.6	-1.5	-1.5
<b>Recurring pretax income from continuing operations</b>	<b>-73.2</b>	<b>-33.4</b>	<b>10.8</b>	<b>65.7</b>	<b>31.3</b>	<b>35.7</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-73.2</b>	<b>-33.4</b>	<b>10.8</b>	<b>65.7</b>	<b>31.3</b>	<b>35.7</b>
Income tax expense	-0.3	1.7	1.2	9.9	9.4	10.7
<b>Net income from continuing operations</b>	<b>-72.8</b>	<b>-35.1</b>	<b>9.6</b>	<b>55.8</b>	<b>21.9</b>	<b>25.0</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-72.8</b>	<b>-35.1</b>	<b>9.6</b>	<b>55.8</b>	<b>21.9</b>	<b>25.0</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>-72.8</b>	<b>-35.1</b>	<b>9.6</b>	<b>55.8</b>	<b>21.9</b>	<b>25.0</b>
Average number of shares	110.4	110.4	110.4	110.4	110.4	110.4
<b>EPS reported</b>	<b>-0.66</b>	<b>-0.32</b>	<b>0.09</b>	<b>0.51</b>	<b>0.20</b>	<b>0.23</b>

Profit and loss (common size)	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
<b>Net sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Sales growth</i>	-9.7%	5.2%	18.9%	15.4%	0.9%	5.7%
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other operating income	7.7%	24.3%	19.0%	26.0%	21.7%	21.7%
Material expenses	5.9%	6.4%	5.8%	7.3%	7.0%	7.0%
Personnel expenses	64.5%	65.8%	56.5%	52.4%	50.0%	50.0%
Other operating expenses	25.7%	29.1%	27.3%	32.0%	33.0%	33.0%
<b>Total operating expenses</b>	<b>88.3%</b>	<b>77.0%</b>	<b>70.5%</b>	<b>65.7%</b>	<b>68.3%</b>	<b>68.3%</b>
<b>EBITDA</b>	<b>11.7%</b>	<b>23.0%</b>	<b>29.5%</b>	<b>34.3%</b>	<b>31.7%</b>	<b>31.7%</b>
Depreciation	4.4%	4.1%	3.3%	2.8%	3.3%	3.2%
<b>EBITA</b>	<b>7.3%</b>	<b>18.9%</b>	<b>26.1%</b>	<b>31.5%</b>	<b>28.5%</b>	<b>28.5%</b>
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	28.9%	27.2%	22.1%	18.4%	21.7%	21.3%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>-21.6%</b>	<b>-8.3%</b>	<b>4.0%</b>	<b>13.1%</b>	<b>6.7%</b>	<b>7.2%</b>
Interest income	0.2%	0.2%	0.0%	1.7%	0.2%	0.2%
Interest expenses	0.5%	1.4%	1.5%	1.1%	0.5%	0.5%
Investment income	-0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	0.5%	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>-21.9%</b>	<b>-9.5%</b>	<b>2.6%</b>	<b>13.6%</b>	<b>6.4%</b>	<b>6.9%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>-21.9%</b>	<b>-9.5%</b>	<b>2.6%</b>	<b>13.6%</b>	<b>6.4%</b>	<b>6.9%</b>
Tax rate	0.5%	-5.1%	11.4%	20.0%	30.0%	30.0%
<b>Net income from continuing operations</b>	<b>-21.8%</b>	<b>-10.0%</b>	<b>2.3%</b>	<b>11.6%</b>	<b>4.5%</b>	<b>4.9%</b>
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>-21.8%</b>	<b>-10.0%</b>	<b>2.3%</b>	<b>11.6%</b>	<b>4.5%</b>	<b>4.9%</b>
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net profit (reported)</b>	<b>-21.8%</b>	<b>-10.0%</b>	<b>2.3%</b>	<b>11.6%</b>	<b>4.5%</b>	<b>4.9%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Intangible assets	193.4	124.4	169.7	156.3	145.8	140.3
Property, plant and equipment	183.5	172.5	182.3	182.3	182.3	182.3
Financial assets	0.4	0.7	0.5	0.5	0.5	0.5
<b>FIXED ASSETS</b>	<b>377.3</b>	<b>297.6</b>	<b>352.4</b>	<b>339.1</b>	<b>328.5</b>	<b>323.0</b>
Inventories	6.8	4.4	5.4	6.3	6.3	6.7
Accounts receivable	40.3	105.4	125.5	132.2	133.4	141.0
Other assets and short-term financial assets	9.5	24.0	11.0	11.0	11.0	11.0
Liquid assets	1.7	10.6	4.5	53.1	84.2	111.7
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	14.8	13.1	13.0	13.0	13.0	13.0
<b>CURRENT ASSETS</b>	<b>73.2</b>	<b>157.5</b>	<b>159.4</b>	<b>215.6</b>	<b>247.9</b>	<b>283.4</b>
<b>TOTAL ASSETS</b>	<b>450.5</b>	<b>455.1</b>	<b>511.8</b>	<b>554.6</b>	<b>576.4</b>	<b>606.4</b>
<b>SHAREHOLDERS EQUITY</b>	<b>232.6</b>	<b>280.5</b>	<b>282.7</b>	<b>326.1</b>	<b>346.7</b>	<b>369.2</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	2.3	0.0	0.0	0.0	0.0	0.0
Short-term liabilities to banks	56.9	0.0	12.8	12.8	12.8	12.8
Accounts payable	101.4	98.5	132.9	132.2	133.4	141.0
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	31.1	38.9	0.0	0.0	0.0	0.0
Deferred taxes	0.0	0.0	1.1	1.1	1.1	1.1
Deferred income	5.1	19.9	23.2	23.2	23.2	23.2
<b>CURRENT LIABILITIES</b>	<b>132.5</b>	<b>137.4</b>	<b>132.9</b>	<b>132.2</b>	<b>133.4</b>	<b>141.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>450.5</b>	<b>455.1</b>	<b>511.8</b>	<b>554.6</b>	<b>576.4</b>	<b>606.4</b>
<b>Balance sheet (common size)</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24e</b>	<b>2024/25e</b>	<b>2025/26e</b>
Intangible assets	42.9%	27.3%	33.1%	28.2%	25.3%	23.1%
Property, plant and equipment	40.7%	37.9%	35.6%	32.9%	31.6%	30.1%
Financial assets	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%
<b>FIXED ASSETS</b>	<b>83.8%</b>	<b>65.4%</b>	<b>68.9%</b>	<b>61.1%</b>	<b>57.0%</b>	<b>53.3%</b>
Inventories	1.5%	1.0%	1.1%	1.1%	1.1%	1.1%
Accounts receivable	9.0%	23.2%	24.5%	23.8%	23.1%	23.3%
Other assets and short-term financial assets	2.1%	5.3%	2.2%	2.0%	1.9%	1.8%
Liquid assets	0.4%	2.3%	0.9%	9.6%	14.6%	18.4%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	3.3%	2.9%	2.5%	2.3%	2.3%	2.1%
<b>CURRENT ASSETS</b>	<b>16.2%</b>	<b>34.6%</b>	<b>31.1%</b>	<b>38.9%</b>	<b>43.0%</b>	<b>46.7%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>51.6%</b>	<b>61.6%</b>	<b>55.2%</b>	<b>58.8%</b>	<b>60.2%</b>	<b>60.9%</b>
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Short-term liabilities to banks	12.6%	0.0%	2.5%	2.3%	2.2%	2.1%
Accounts payable	22.5%	21.7%	26.0%	23.8%	23.1%	23.3%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	6.9%	8.5%	0.0%	0.0%	0.0%	0.0%
Deferred taxes	0.0%	0.0%	0.2%	0.2%	0.2%	0.2%
Deferred income	1.1%	4.4%	4.5%	4.2%	4.0%	3.8%
<b>CURRENT LIABILITIES</b>	<b>29.4%</b>	<b>30.2%</b>	<b>26.0%</b>	<b>23.8%</b>	<b>23.1%</b>	<b>23.3%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
Net profit/loss	-72.8	-35.1	9.6	55.8	21.9	25.0
Depreciation of fixed assets (incl. leases)	14.6	14.4	14.0	13.5	16.0	16.6
Amortisation of goodwill & intangible assets	96.5	95.5	92.3	88.9	105.7	109.5
Other costs affecting income / expenses	4.6	25.7	-74.6	-88.0	-96.5	-100.0
Cash flow from operating activities	-95.1	-74.9	-51.9	-40.4	-74.6	-75.4
Increase/decrease in inventory	-0.1	2.4	-1.0	-0.8	-0.1	-0.4
Increase/decrease in accounts receivable	8.9	-65.0	-20.1	-6.7	-1.2	-7.6
Increase/decrease in accounts payable	-35.7	-2.8	34.3	-0.6	1.2	7.6
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-26.9	-65.5	13.2	-8.2	-0.1	-0.4
<b>Cash flow from operating activities</b>	<b>15.9</b>	<b>35.1</b>	<b>54.4</b>	<b>62.0</b>	<b>47.1</b>	<b>50.7</b>
CAPEX	91.7	81.1	147.9	89.1	111.2	120.6
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.2	0.0	0.0	0.0	0.0
Income from asset disposals	29.7	30.0	71.1	75.6	95.2	104.1
<b>Cash flow from investing activities</b>	<b>-62.0</b>	<b>-51.4</b>	<b>-76.8</b>	<b>-13.5</b>	<b>-16.0</b>	<b>-16.6</b>
Cash flow before financing	-46.1	-16.3	-22.3	48.6	31.1	27.5
Increase/decrease in debt position	52.5	-61.3	16.2	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	86.5	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	6.6
Others	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>52.5</b>	<b>25.1</b>	<b>16.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-6.6</b>
Increase/decrease in liquid assets	6.4	8.8	-6.1	48.6	31.1	27.5
<b>Liquid assets at end of period</b>	<b>1.7</b>	<b>10.6</b>	<b>4.5</b>	<b>53.1</b>	<b>84.2</b>	<b>111.7</b>

Key ratios (EUR m)	2020/21	2021/22	2022/23	2023/24e	2024/25e	2025/26e
<b>P&amp;L growth analysis</b>						
Sales growth	-9.7%	5.2%	18.9%	15.4%	0.9%	5.7%
EBITDA growth	-38.2%	107.3%	52.6%	34.3%	-6.6%	5.7%
EBIT growth	67.1%	-59.5%	-158.0%	273.0%	-48.0%	13.5%
EPS growth	38.1%	-51.8%	-127.2%	484.6%	-60.7%	13.9%
<b>Efficiency</b>						
Sales per employee	385.2	387.1	456.6	517.5	512.5	530.6
EBITDA per employee	44.9	88.9	134.5	177.5	162.7	168.4
No. employees (average)	868	908	916	932	950	970
<b>Balance sheet analysis</b>						
Avg. working capital / sales	-20.2%	-6.1%	1.1%	0.4%	1.3%	1.3%
Inventory turnover (sales/inventory)	49.1	79.6	76.8	76.8	76.8	76.8
Accounts receivable turnover	44.0	109.4	109.5	100.0	100.0	100.0
Accounts payable turnover	110.7	102.3	116.0	100.0	100.0	100.0
<b>Cash flow analysis</b>						
Free cash flow	-46.1	-16.1	-22.3	48.6	31.1	34.2
Free cash flow/sales	-13.8%	-4.6%	-5.3%	10.1%	6.4%	6.6%
FCF / net profit	63.3%	45.9%	neg.	87.0%	141.8%	136.7%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Solvency</b>						
Net debt	76.2	6.6	67.5	18.9	-12.2	-39.8
Net Debt/EBITDA	2.0	0.1	0.5	0.1	0.0	0.0
Dividend payout ratio	0.0%	0.0%	69.4%	11.9%	30.2%	26.5%
Interest paid / avg. debt	3.0%	10.3%	13.8%	7.5%	3.4%	3.6%
<b>Returns</b>						
ROCE	-22.2%	-9.6%	5.2%	16.8%	8.0%	8.7%
ROE	-31.3%	-12.5%	3.4%	17.1%	6.3%	6.8%
Adjusted FCF yield	-10.4%	-7.6%	3.4%	12.7%	6.0%	7.5%
Dividend yield	0.0%	0.0%	1.7%	1.7%	1.7%	1.7%
DPS	0.0	0.0	0.1	0.1	0.1	0.1
EPS reported	-0.66	-0.32	0.09	0.51	0.20	0.23
Average number of shares	110.4	110.4	110.4	110.4	110.4	110.4
<b>Valuation ratios</b>						
P/BV	1.7	1.4	1.4	1.2	1.2	1.1
EV/sales	2.1	1.2	1.1	0.9	0.8	0.7
EV/EBITDA	17.8	5.0	3.8	2.5	2.5	2.2
EV/EBIT	-9.6	-13.9	27.6	6.6	11.8	9.7

Source: Company data, NuWays

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Company	Disclosures
Borussia Dortmund GmbH & Co KGaA	2

### Historical target price and rating changes for Borussia Dortmund GmbH & Co KGaA

Company	Date	Analyst	Rating	Target Price	Close
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