

Berentzen-Gruppe Aktiengesellschaft

TOP PICK

Outperform → | Target price : 9.00 €

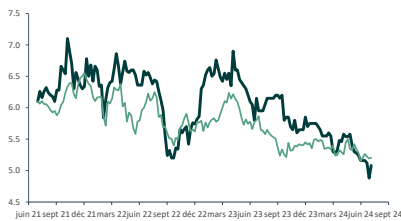
Price (02/08/2024) : 5.08 € | Upside : 77%

Revision	12/24e	12/25e
EPS	ns	5.6%

H1 2024 prelims earnings beat. Earnings guidance for 2024 raised

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Sources : ODDO BHF Securities, SIX

Share data			
BEZ3 GR BEZ.DE			
Market Cap (€m)			49
Enterprise value (€m)			62
Extrema 12 months (€)	4.88	-	6.35
Free Float (%)			73.8
Performance (%)			
	1m	3m	12m
Absolute	-1.9	-9.3	-14.6
Perf. rel. Country Index	0.6	-8.3	-21.0
Perf. rel. Food producer	-2.8	-8.2	-5.9

P&L			
	12/24e	12/25e	12/26e
Sales (€m)	190	198	204
EBITDA (€m)	18.3	19.4	20.9
Current EBIT (€m)	9.2	10.2	11.8
Attr. net profit (€m)	-1	4.2	5.3
Adjusted EPS (€)	-0.10	0.45	0.56
Dividend (€)	0.15	0.18	0.20
P/E (x)	ns	11.3	9.0
P/B (x)	1.0	1.0	0.9
Dividend Yield (%)	3.0	3.5	3.9
FCF yield (%)	8.7	9.5	11.7
EV/Sales (x)	0.33	0.30	0.28
EV/EBITDA (x)	3.4	3.1	2.8
EV/Current EBIT (x)	6.8	5.9	4.9
Gearing (%)	15	10	5
Net Debt/EBITDA (x)	0.4	0.3	0.1

Next Events

14/08/2024	Q2 Results
23/10/2024	Q3 Results

Significant increase in H1 2024 preliminary earnings figures

Berentzen's preliminary H1 2024 revenue of € 88.1 was almost flat y-o-y (-1%), but missed our forecast by 4.3%. The continuing slump in consumer spending as a result of inflation and, in particular, a lack of marketing initiatives due to difficult price negotiations with key trading partners led to a decline in sales volumes overall. On the positive side, EBITDA (€ 9.4m, +29% y-o-y) and EBIT (€ 5.1m, +56% y-o-y) increased significantly and beat our estimate. The reason for the significant growth in profitability is that it has now been possible to not only compensate for the sharp cost increases of recent years by implementing price increases, but also to regain margin quality. In addition, the marketing success of the latest innovation under the Berentzen umbrella brand, the Smoothie Shot, contributed to the earnings trend. As a result, the H1 2024 EBIT margin rose by 210bp y-o-y to 5.8% (ODDO BHF 3.8%).

H1 2024 – preliminary results

€ m	H1 24	H1 23	y-o-y	ODDO BHF e	Δ
Revenue	88.1	89.0	-1.0%	92.1	-4.3%
EBITDA	9.4	7.3	+28.9%	8.0	+16.8%
Margin	10.7%	8.2%	+250bp	8.7%	+200bp
EBIT	5.1	3.3	+56.4%	3.5	+46.1%
Margin	5.8%	3.7%	+210bp	3.8%	+200bp

Sources: ODDO BHF Securities, company

Higher profitability in 2024 expected. Earnings forecast raised

Against the backdrop of the positive operating performance in H1 2024 and the expected effects from the sale of the Grüneberg plant, which has been a burden for Berentzen in terms of both earnings and liquidity, especially since the massive cost increases as a result of the war in Ukraine, the company is adjusting its 2024 forecast. It now expects EBIT in a range of € 9.0m to € 11.0m (previously: € 8.0m to € 10.0m) and EBITDA of between € 18.0m and € 20.0m (previously: € 17.2m to € 19.2m). Revenue is now expected to range between € 185.0m and € 195.0m (previously: € 190.0m to € 200.0m), particularly in light of the discontinuation of business activities with regional products in Brandenburg. At the mid-point of the new guidance range, the outlook is c. 2% below FactSet consensus revenue (€ 194.0m), but c. 7% above EBITDA (€ 17.7m) and c. 15% above EBIT (€ 8.7m).

Based on the updated 2024 guidance and the business trends outlined above, we increase our 2024e for EBITDA/EBIT by c. 4%/8% respectively. Our revenue forecast drops by c. 2%. We are now in line with the company's guidance range. For 2025e to 2026e, we reduce our revenue expectations by an average of c. 2%. Over the same period, we increase our EBITDA and EBIT expectations by an average of c. 1.5% to 2.5%.

The intended sale of the Grüneberg plant is expected to lead to one-off exceptional effects (incl. below the EBIT line) of c. € 4.9m in 2024, which will have a negative impact on earnings but will be largely neutral in terms of liquidity. As a result, our 2024e EPS falls from € 0.21 to -€ 0.10. In the medium term, however, Berentzen expects the sale to have a positive impact of up to € 1m/year on operating profit. At the Grüneberg site, the purchaser will bottle products of the Mio Mio brand in addition to its own products as a contract filling partner of Berentzen.

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Outperform rating and target price maintained

In our view, Berentzen's profitability strategy "Building BERENTZEN 2028", is beginning to bear fruit. For 2024, the company is well on track to achieve a higher operating profit despite lower revenue than originally expected. We stick to our positive view on the shares (rating: Outperform, target price: € 9). The final H1 2024 figures will be published as planned on 14 August 2024.



BEZ.DE | BEZ3 GR

Beverages | Germany

Outperform

Upside 77.17%

Price 5.08 €

TP 9.00 €

PER SHARE DATA (€)	12/19	12/20	12/21	12/22	12/23	12/24e	12/25e	12/26e
Adjusted EPS	0.47	0.07	0.30	0.35	-0.07	-0.10	0.45	0.56
Reported EPS	0.52	0.13	0.39	0.22	0.09	-0.10	0.45	0.56
Growth in adjusted EPS	-9.5%	-84.8%	ns	14.3%	ns	ns	ns	25.3%
Net dividend per share	0.28	0.13	0.22	0.22	0.09	0.15	0.18	0.20
FCF to equity per share	1.03	0.91	0.34	-0.44	-1.32	0.44	0.48	0.60
Book value per share	5.24	5.03	5.20	5.33	5.04	4.85	5.15	5.53
Number of shares market cap (m)	9.60	9.60	9.60	9.60	9.60	9.60	9.60	9.60
Number of diluted shares (m)	9.60	9.60	9.60	9.60	9.60	9.60	9.60	9.60
VALUATION (€m)	12/19	12/20	12/21	12/22	12/23	12/24e	12/25e	12/26e
12m highest price (€)	7.20	7.70	7.10	6.90	6.90	5.90		
12m lowest price (€)	5.86	4.95	5.66	5.00	5.55	4.88		
(*) Reference price (€)	6.48	5.89	6.22	6.17	6.19	5.08	5.08	5.08
Capitalization	62.2	56.5	59.7	59.3	59.4	48.8	48.8	48.8
Restated Net debt	-12.5	-16.0	-17.5	-9.6	6.8	6.6	5.0	2.6
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	9.3	8.6	8.0	5.8	6.5	6.5	6.5	6.5
Enterprise Value	58.9	49.1	50.2	55.4	72.8	61.9	60.3	57.9
P/E (x)	13.8	82.5	20.6	17.9	ns	ns	11.3	9.0
P/CF (x)	4.8	7.8	13.1	4.4	9.3	3.8	3.4	3.2
Net Yield	4.3%	2.2%	3.5%	3.6%	1.5%	3.0%	3.5%	3.9%
FCF yield	15.9%	15.5%	5.5%	ns	ns	8.7%	9.5%	11.7%
P/B incl. GW (x)	1.24	1.17	1.20	1.16	1.23	1.05	0.99	0.92
P/B excl. GW (x)	1.24	1.17	1.20	1.16	1.23	1.05	0.99	0.92
EV/Sales (x)	0.35	0.32	0.34	0.32	0.39	0.33	0.30	0.28
EV/EBITDA (x)	3.2	3.5	3.3	3.3	4.5	3.4	3.1	2.8
EV/Current EBIT (x)	6.0	9.4	7.5	6.7	9.4	6.8	5.9	4.9
(*) historical average price								
PROFIT AND LOSS (€m)	12/19	12/20	12/21	12/22	12/23	12/24e	12/25e	12/26e
Sales	167	155	146	174	186	190	198	204
EBITDA	18.4	14.1	15.4	16.7	16.0	18.3	19.4	20.9
Depreciations	-8.5	-8.9	-8.6	-8.3	-8.3	-9.1	-9.1	-9.1
Current EBIT	9.8	5.2	6.7	8.3	7.7	9.2	10.2	11.8
Published EBIT	8.7	3.7	6.7	5.8	6.1	2.7	8.6	10.2
Net financial income	-1.5	-1.5	-1.4	-1.7	-4.0	-4.0	-2.6	-2.6
Corporate Tax	-2.3	-1.0	-1.6	-2.1	-1.2	0.4	-1.8	-2.3
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Attributable net profit	4.9	1.2	3.7	2.1	0.9	-0.9	4.2	5.3
Adjusted attributable net profit	4.4	0.7	2.8	3.2	-0.7	-0.9	4.2	5.3
BALANCE SHEET (€m)	12/19	12/20	12/21	12/22	12/23	12/24e	12/25e	12/26e
Goodwill	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Other intangible assets	5.6	4.7	3.7	3.3	3.0	2.8	2.5	2.2
Tangible fixed assets	45.4	42.2	43.5	44.4	47.1	49.1	51.1	53.1
WCR	33.9	27.3	20.2	28.5	37.8	36.8	36.8	36.8
Financial assets	2.8	4.0	4.1	4.6	6.0	3.2	2.7	2.1
Ordinary shareholders equity	49.2	47.2	48.9	50.1	47.4	45.6	48.4	51.9
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders equity	49.2	47.2	48.9	50.1	47.4	45.6	48.4	51.9
Non-current provisions	57.0	53.0	46.2	46.4	45.8	45.8	45.8	45.8
Net debt	-12.5	-16.0	-17.5	-9.6	6.8	6.6	5.0	2.6
CASH FLOW STATEMENT (€m)	12/19	12/20	12/21	12/22	12/23	12/24e	12/25e	12/26e
EBITDA	18.4	14.1	15.4	16.7	16.0	18.3	19.4	20.9
Change in WCR	4.0	6.5	7.2	-8.4	-9.3	1.0	0.0	0.0
Interests & taxes	-1.0	-2.5	0.3	-0.2	-0.6	0.0	0.0	0.0
Others	-4.8	-4.5	-11.2	-3.2	-9.1	-5.6	-5.4	-5.8
Operating Cash flow	16.6	13.6	11.6	4.9	-3.0	13.6	14.0	15.1
CAPEX	-6.9	-5.0	-8.4	-9.0	-9.4	-9.5	-9.5	-9.5
Free cash-flow	9.7	8.6	3.2	-4.1	-12.4	4.2	4.5	5.6
Acquisitions / disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	-2.6	-2.6	-1.2	-2.1	-2.1	-0.9	-1.4	-1.7
Net capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.7	-1.2	-1.2	-1.3	-1.4	-1.4	-1.4	-1.4
Change in net cash	4.9	3.5	1.5	-7.9	-16.4	0.2	1.6	2.4
GROWTH MARGINS PRODUCTIVITY	12/19	12/20	12/21	12/22	12/23	12/24e	12/25e	12/26e
Sales growth	3.2%	-7.7%	-5.5%	19.2%	6.6%	2.5%	4.0%	3.0%
Lfl sales growth	-	-	-	-	-	-	-	-
Current EBIT growth	0.1%	-46.9%	28.8%	24.2%	-7.6%	19.0%	11.7%	15.0%
Growth in adjusted EPS	-9.5%	-84.8%	ns	14.3%	ns	ns	ns	25.3%
Net margin	2.6%	0.4%	1.9%	4.8%	-0.4%	-0.5%	2.1%	2.6%
EBITDA margin	11.0%	9.1%	10.5%	9.6%	8.6%	9.6%	9.8%	10.3%
Current EBIT margin	5.9%	3.4%	4.6%	4.8%	4.2%	4.8%	5.2%	5.8%
CAPEX / Sales	-4.3%	-3.3%	-5.8%	-5.2%	-5.1%	-5.0%	-4.8%	-4.7%
WCR / Sales	20.2%	17.7%	13.8%	16.4%	20.4%	19.4%	18.6%	18.1%
Tax Rate	27.5%	27.4%	30.9%	31.1%	33.5%	-7.7%	23.7%	24.8%
Normative tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Asset Turnover	1.8	1.8	1.9	2.2	2.1	2.0	2.1	2.1
ROCE post-tax (normative tax rate)	7.4%	4.3%	6.1%	7.5%	6.1%	6.8%	7.5%	8.5%
ROCE post-tax hors GW (normative tax rate)	7.9%	4.6%	6.6%	8.1%	6.6%	7.3%	8.0%	9.0%
ROE	9.2%	1.4%	5.9%	6.6%	-1.4%	-2.0%	9.0%	10.6%
DEBT RATIOS	12/19	12/20	12/21	12/22	12/23	12/24e	12/25e	12/26e
Gearing	-25%	-34%	-36%	-19%	14%	15%	10%	5%
Net Debt / Market Cap	-0.20	-0.28	-0.29	-0.16	0.11	0.14	0.10	0.05
Net debt / EBITDA	-0.68	-1.13	-1.14	-0.58	0.43	0.36	0.26	0.13
EBITDA / net financial charges	11.9	9.6	10.9	10.0	4.0	4.6	7.5	8.0

Sources: ODDO BHF Securities, SIX



• **Valuation method**

Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on ODDO BHF' website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

• **Sensitivity of the result of the analysis/ risk classification:**

The opinions expressed in the financial analysis are opinions as per a particular date, i.e. the date indicated in the financial analysis. The recommendation (cf. explanation of the recommendation systematic) can change owing to unforeseeable events which may, for instance, have repercussions on both the company and on the whole industry.

• **Our stock market recommendations**

Our stock market recommendations reflect the RELATIVE performance expected for each stock on a 12-month timeframe.

Outperform: performance expected to exceed that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Underperform: performance expected to fall short of that of the benchmark index, sectoral (large caps) or other (small and mid caps).

• **The prices of the financial instruments used and mentioned in this document are the closing prices.**

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Recommendation and target price changes history over the last 12 months for the company analysed in this report

Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
17/10/23	Outperform	9.00	6.10	Klaus Breitenbach

In accordance with Article 20 of European Regulation No. 596/2014 (Market Abuse Regulation), a list of all recommendations on any financial instrument or issuer that have been disseminated over the past twelve months is available by clicking on the following link www.securities.oddo-bhf.com/#disclaimer.

Recommendation split

		Outperform	Neutral	Underperform
Our whole coverage	(704)	52%	39%	9%
Liquidity providers coverage	(77)	47%	44%	9%
Research service coverage	(51)	59%	27%	14%
Investment banking services	(40)	58%	40%	3%

Risk of conflict of interest :

Investment banking and/or Distribution

1-Has Oddo Group, or Oddo & Cie, or Oddo Seydler managed or co-managed in the past 12 months a public offering of securities for the subject company/ies ?	Non
2-Has Oddo Group, or Oddo & Cie, or Oddo Sydler received compensation for investment banking services from the subject company/ies in the past 12 months or expects to receive or intends to seek compensation for investment banking services from the subject company/ies in the last 12 months ?	Non

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3-Oddo & Cie and the issuer have agreed that Oddo & Cie will produce and disseminate investment recommendations on the said issuer as a service to the issuer	Non
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4-At the date of the distribution of this report, does Oddo Group, or Oddo & Cie, or Oddo Seydler act as a market maker or has Oddo Group, or Oddo & Cie, or Oddo Seydler signed a liquidity provider agreement with the subject company/ies ?	Non
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6-Does the subject company beneficially own % or more of any class of common equity of oddo & Cie or its affiliates?	Non

Disclosure to Company

7-Has a copy of this report ; with the target price and/or rating removed, been presented to the subject company/ies prior to its distribution, for the sole purpose of verifying the accuracy of factual statements ?	Yes
8- Have the conclusions of this report been amended following disclosure to the company/ies and prior its distribution?	Yes

Additional material conflicts

9- Is Oddo Group, or Oddo & Cie, or Oddo Seydel aware of any additional material conflict of interest ?	Non
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Have those responsible for the drafting of the present document received remuneration directly linked to investment firm service transactions or any other kind of transaction they carry out or any trading commissions they, or any legal person who is part of the same group, receive?	No

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