

"Consumer Goods"

Berentzen-Gruppe AG

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Renewed forecast increase after preliminary 9M/22 figures

Pleasing operating performance also in Q3/22: The preliminary 9M/22 key figures presented by Berentzen yesterday again exceeded our expectations. The EBIT margin reached 5.4%, compared to 4.9% in the prior-year period.

EUR m	BEZ: 9M/22p	FMR 9M/22e	BEZ targets 2022e	FMR '22e
Group sales	127.1	119.9	172,0 - 177,0	175.0
Konzern-EBITDA	13.1	12.5	16,1 - 17,1	16.7
Group EBIT	6.8	6.1	7,8 - 8,8	8.5
Group EBITDA-margin	10.3%	10.4%	9,1% - 9,9%	9.5%
Group EBIT-margin	5.4%	5.1%	4,4% - 5,1%	4.8%

Source: Berentzen, FMR, p = preliminary

We assume that Berentzen was able to achieve above-average growth in the four strategic core topics, as it did in the first half of the year. Based on the figures published to date, it can be determined that Q3/22 was the strongest quarter of 2022 to date, with a revenue level of EUR 48.1m and an EBIT of EUR 3.1m, respectively.

Financial targets '22e raised again: Berentzen has raised its full-year forecast for 2022e for the second time this year, and now expects revenues of between EUR 172.0m and EUR 177.0m. For the EBIT, the range is between EUR 7.8m to EUR 8.8m. In our view, Q4/22e sales will thus more or less maintain the good level of Q3; EBIT will be lower from today's perspective.

FMR: Target price raised to EUR 8.80 per share (+4.8%): We have raised our sales and earnings forecasts for 2022e and subsequent years. In doing so, we assume that there will be no serious Corona-related restrictions in the further course of the year. For the 2022e dividend, we now expect a payout of EUR 0.25 (previously: EUR 0.24). Our price target rises to EUR 8.80 (previously: EUR 8.40).

The Berentzen share price suffered significantly more in September with -18.1% than the SDAX with -11.3%. In view of the good operating performance after nine months, we do not believe this is justified. We consider the P/E valuations of 10.3 ('22e) and 9.5 ('23e) attractive and confirm our "BUY" recommendation.

FY End: 31.12.; in EURm	CAGR (21-24e)	2019	2020	2021	2022e	2023e	2024e
Revenues	9.7%	167.4	154.6	146.1	175.0	185.0	193.0
Adj. EBITDA	4.9%	18.4	14.1	15.4	16.7	17.0	17.8
Adj. EBITDA margin		11.0%	9.1%	10.5%	9.5%	9.2%	9.2%
Adj. EBIT	13.8%	9.8	5.2	6.7	8.5	9.0	9.9
Adj. EBIT margin		5.9%	3.4%	4.6%	4.8%	4.9%	5.1%
Net income	16.6%	4.9	1.2	3.7	4.9	5.3	5.9
EPS, EUR	16.6%	0.52	0.13	0.39	0.51	0.55	0.62
Dividend per share, EUR		0.28	0.13	0.22	0.25	0.28	0.30
EV/Sales		0.3	0.3	0.3	0.2	0.2	0.2
EV/Adj. EBITDA		3.1	3.4	3.2	2.6	2.2	1.8
P/E		12.4	44.5	15.8	10.3	9.5	8.4
Net debt/Adj. EBITDA		0.2	0.5	0.6	0.4	0.7	1.0

Source: Berentzen, FMR

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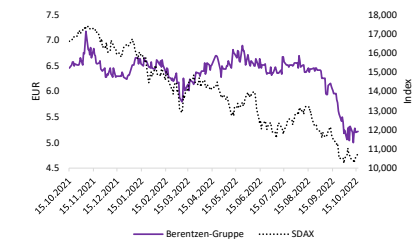
BUY

Before: BUY

Price target EUR 8.80 (8.40)
Share price EUR 5.22 (+68.6%)

*last closing price XETRA

Change	2022e	2023e	2024e
Revenue	13.0	16.5	17.5
Adj. EBIT	1.4	1.2	1.4
EPS, EUR	0.10	0.08	0.09



Source: XETRA, FMR

Basic share data

Number of shares (million)	9.60
Free float (in %)	74.29%
Market cap (EURm)	49.0
Trading volume 30 days (Ø)	7,973
High (EUR, 52 weeks)	7.18
Low (EUR, 52 weeks)	5.00

Shareholder structure

Monolith (NL)	4.99%
MainFirst (LU)	8.50%
Lazard Frères Gestion (FR)	5.07%
Treasury shares	2.14
Free float and others	79.30%

Corporate calendar

9M/22 report	25.10.2022
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Valuation update

As in the first half of the year, Berentzen evidently succeeded in achieving above-average growth in Q3/22 in the four strategic core areas (liquor offensive in branded spirits, Mio Mio in the Non-alcoholic Beverages segment, private label business with premium spirits such as rum, gin and the core market focus in fresh juice systems).

Our sales and earnings expectations were again exceeded. We have adjusted our forecasts for 2022e and subsequent years upward. This raises our price target by 4.8% to EUR 8.80 (previously: EUR 8.40). We thus also see a good basis for increasing the dividend to EUR 0.25 (previously: EUR 0.24) per share.

Berentzen: DCF-valuation leads to higher fair value of EUR 8.80 per share

	PHASE 1					PHASE 2					PHASE 3
EUR m	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	
Sales	175.0	185.0	193.0	199.0	205.0	210.8	216.5	221.9	227.1	232.0	
Y-o-Y growth	19.8%	5.7%	4.3%	3.1%	3.0%	2.8%	2.7%	2.5%	2.3%	2.2%	
EBIT	8.5	9.0	9.9	10.7	11.5	11.6	11.9	12.1	12.3	12.3	
EBIT-margin	4.8%	4.9%	5.1%	5.4%	5.6%	5.5%	5.5%	5.5%	5.4%	5.3%	
Income tax on EBIT	-2.5	-2.7	-3.0	-3.2	-3.4	-3.5	-3.6	-3.6	-3.7	-3.7	
Depreciation/Amortisation	8.2	8.0	7.9	7.8	7.9	8.3	8.5	8.7	8.9	9.3	
Change other non-cash items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in net working capital	-7.2	2.1	2.0	-0.9	-1.3	-0.5	-0.1	-0.2	-0.3	-0.6	
Net capital expenditure	-6.8	-7.2	-7.6	-8.0	-8.2	-8.4	-8.7	-8.9	-9.1	-9.3	
Free cash flow	0.1	9.2	9.2	6.4	6.5	7.6	8.0	8.1	8.2	8.0	
Present values	0.1	8.1	7.3	4.6	4.2	4.4	4.1	3.8	3.4	3.0	33.3
Present value Phase 1	24.3										
Present value Phase 2	18.8										
Present value Phase 3	33.3										
Total present value	76.3										
+ Non-operating assets/Other	-7.5										
- Net financial debt	13.7										
Fair value of equity	82.5										
- Number of shares (m)	9.394										
Fair value per share (in EUR)	8.78										

Risk free rate	2.0%	Target equity ratio	75.0%
Equity risk premium	6.0%	Beta factor	1.5
Debt risk premium	3.0%	WACC	9.7%
EBIT-margin (PHASE 3)	5.0%	Terminal growth rate	2.0%

Sensitivity analysis						
WACC						
	8.7%	9.2%	9.7%	10.2%	10.7%	
Terminal growth rate	3.0%	10.62	9.92	9.31	8.79	8.34
	2.5%	10.20	9.57	9.03	8.56	8.14
	2.0%	9.84	9.27	8.78	8.35	7.96
	1.5%	9.53	9.02	8.56	8.16	7.80
	1.0%	9.26	8.79	8.37	8.00	7.66

Source: FMR

In our view, the share thus has considerable upside potential of more than 60% and we confirm our "BUY" recommendation. In our view, the good operating performance in the year to date and the further expectations show that the share price decline observed in recent weeks was not justified to this extent.

Yesterday, with around 75,600 shares traded on the XETRA platform, there was a very high level, even though the closing price "only" increased by 0.4% to EUR 5.22.

Berentzen Group AG - Income Statement

in EUR m (IFRS)	2019	2020	2021	2022e	2023e	2024e
Revenues	167.4	154.6	146.1	175.0	185.0	193.0
YoY growth	3.2%	-7.6%	-5.5%	19.8%	5.7%	4.3%
Increase/Decrease in inventories of finished goods and work in progress	0.0	0.1	0.3	0.4	0.2	0.2
as % of revenues	0.0%	0.0%	0.2%	0.2%	0.1%	0.1%
Total Operating Output	167.4	154.6	146.4	175.4	185.2	193.2
YoY growth	2.3%	-7.6%	-5.3%	19.8%	5.6%	4.3%
Cost of Materials	-92.7	-87.5	-78.0	-95.6	-100.7	-104.9
as % of revenues	55.4%	56.6%	53.4%	54.6%	54.5%	54.4%
Gross Profit	74.7	67.1	68.4	79.8	84.4	88.3
as % of revenues	44.6%	43.4%	46.8%	45.6%	45.6%	45.7%
Personnel expenses	-25.6	-25.0	-26.8	-32.3	-34.3	-35.7
as % of revenues	15.3%	16.2%	18.3%	18.4%	18.5%	18.5%
Other operating expenses	-35.9	-31.2	-30.1	-34.5	-36.9	-38.4
as % of revenues	21.4%	20.2%	20.6%	19.7%	19.9%	19.9%
Other operating income	4.1	3.1	3.8	3.7	3.7	3.7
as % of revenues	2.4%	2.0%	2.6%	2.1%	2.0%	1.9%
EBITDA reported	17.3	14.0	15.4	16.7	17.0	17.8
as % of revenues	10.3%	9.1%	10.5%	9.5%	9.2%	9.2%
Depreciation of property, plant and equipment, and amortisation of intangible assets	-8.5	-10.3	-8.6	-8.2	-8.0	-7.9
as % of revenues	5.1%	6.7%	5.9%	4.7%	4.3%	4.1%
EBIT reported	8.7	3.7	6.7	8.5	9.0	9.9
as % of revenues	5.2%	2.4%	4.6%	4.8%	4.9%	5.1%
Financial result (net)	-1.6	-1.5	-1.4	-1.5	-1.5	-1.5
EBT (Earnings before taxes)	7.2	2.3	5.3	6.9	7.5	8.4
as % of revenues	4.3%	1.5%	3.6%	4.0%	4.1%	4.3%
Income taxes	-2.3	-1.0	-1.6	-2.1	-2.3	-2.5
as % of EBT	31.7%	45.1%	30.2%	30.0%	30.0%	30.0%
Net income	4.9	1.2	3.7	4.9	5.3	5.9
as % of revenues	2.9%	0.8%	2.5%	2.8%	2.8%	3.0%
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders	4.9	1.2	3.7	4.9	5.3	5.9
as % of revenues	2.9%	0.8%	2.5%	2.8%	2.8%	3.0%
Shares outstanding (in m), weighted	9.39	9.39	9.39	9.39	9.39	9.39
Basic earnings per share (EUR)	0.52	0.13	0.39	0.51	0.55	0.62

Source: Berentzen; FMR

Berentzen-Gruppe AG - Balance Sheet

in EUR m (IFRS)	2019	2020	2021	2022e	2023e	2024e
Assets						
Non-current assets	59.7	56.1	56.9	55.6	55.0	54.7
as % of total assets	39.4%	38.6%	40.0%	39.6%	38.7%	37.5%
Intangible assets	5.5	4.7	3.7	3.2	2.8	2.5
Goodwill	6.1	6.1	6.1	6.1	6.1	6.1
Property, plant and equipment	45.4	42.2	43.5	42.7	42.3	42.3
Non-current financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Real Estate held as financial investment	0.7	0.0	0.0	0.0	0.0	0.0
Leasing and rental assets	1.3	2.1	2.2	2.3	2.3	2.4
Other non-current assets	0.8	1.0	1.3	1.3	1.4	1.4
Deferred tax assets, long-term	0.0	0.1	0.2	0.2	0.2	0.2
Other non-current financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Current assets	91.9	88.4	85.2	84.8	87.1	91.2
as % of total assets	60.6%	60.9%	60.0%	60.4%	61.3%	62.5%
Inventories	40.6	39.4	39.0	44.9	41.3	39.2
Trade accounts receivable	14.8	11.8	7.5	7.9	8.2	8.4
Current prepayments made	0.0	0.0	0.0	0.0	0.0	0.0
Other current non-financial assets	13.7	10.1	9.9	10.7	10.9	11.1
Deferred tax assets, short-term	0.1	0.8	0.5	0.7	0.7	0.7
Current financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	22.7	26.3	28.3	20.7	26.1	31.8
Assets held for sale	0.0	0.7	0.0	0.0	0.0	0.0
as % of total assets	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%
Total assets	151.6	145.2	142.1	140.4	142.1	145.9
Shareholders' equity and liabilities						
Shareholders' equity	49.2	47.2	48.8	51.6	54.5	57.8
as % of total equity and liabilities	32.4%	32.5%	34.4%	36.8%	38.4%	39.6%
Subscribed capital	24.4	24.4	24.4	24.4	24.4	24.4
Capital reserves	6.8	6.8	6.8	6.8	6.8	6.8
Retained earnings	18.0	19.6	22.0	22.0	22.0	22.0
Treasury stocks	0.0	0.0	0.0	0.0	0.0	0.0
Other equity items	0.0	-3.6	-4.4	-1.6	1.3	4.5
Minority interest on equity	0.0	0.0	0.0	0.0	0.0	0.0
Non-current provisions/liabilities	19.5	18.7	10.8	10.3	10.1	10.2
as % of total equity and liabilities	12.9%	12.9%	7.6%	7.3%	7.1%	7.0%
Non-current pension provisions	9.3	8.6	8.0	7.5	7.3	7.4
Other non-current provisions	0.6	0.3	0.6	0.6	0.6	0.6
Non-current financial liabilities	7.9	8.6	1.3	1.4	1.3	1.3
Non-current prepayments received	0.0	0.0	0.0	0.0	0.0	0.0
Non-current deferred tax liabilities	1.8	1.2	0.9	0.8	0.8	0.8
Other non-current liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities and provisions	82.9	79.3	82.5	78.5	77.5	78.0
as % of total equity and liabilities	54.7%	54.6%	58.0%	55.9%	54.5%	53.4%
Current provisions	0.3	0.1	0.1	0.1	0.1	0.1
Current financial liabilities	2.3	1.7	9.5	5.7	5.6	5.8
Trade accounts payable	10.2	9.7	11.2	11.3	11.0	11.1
Current prepayments received	0.0	0.0	0.0	0.0	0.0	0.0
Current tax liabilities	1.5	0.3	0.2	0.2	0.2	0.2
Current deferred tax liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other current liabilities	68.6	67.6	61.5	61.3	60.5	60.8
Liabilities held for sale	0.0	0.0	0.0	0.0	0.0	0.0
as % of total equity and liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total equity and liabilities	151.6	145.2	142.1	140.4	142.1	145.9

Source: Berentzen; FMR

Berentzen-Gruppe AG - Cash Flow Statement

in EUR m (IFRS)	2019	2020	2021	2022e	2023e	2024e
Net profit incl. Minorities	4.9	1.2	3.7	4.9	5.3	5.9
Depreciation/impairments	8.6	10.3	8.6	8.2	8.0	7.9
Change in pension and similar provisions	-0.6	-1.1	-0.2	-0.5	-0.2	0.1
Other non-cash expenses/income	-0.9	-0.8	-1.1	-0.9	0.5	0.5
Change in Working Capital	5.5	6.5	0.5	-6.5	1.6	1.5
Cash effects from divestment of fixed assets						
Cash effect from interests	0.2	0.2	0.1	0.0	0.0	0.0
Cash effect from other participation result	0.0	0.0	0.0	0.0	0.0	0.0
Cash tax adjustments	-1.2	-2.7	0.0	-0.1	0.0	0.0
Cash effects from extraordinary items	0.0	0.0	0.0	0.0	0.0	0.0
Cashflow from Operations	16.6	13.6	11.6	5.1	15.1	15.9
Investments in Fixed assets	-7.2	-5.5	-8.5	-6.8	-7.2	-7.6
Payments received: Disposal of non-current assets	0.3	0.1	1.3	0.0	0.0	0.0
Change in consolidation: Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Interest and other financial income	0.0	0.0	0.0	0.0	0.0	0.0
Cash changes from extraordinary items	0.0	0.0	0.0	0.0	0.0	0.0
Other changes from investing activities	0.0	0.1	0.0	-0.1	-0.1	-0.1
Cashflow from investing activities	-6.9	-5.4	-7.2	-6.9	-7.3	-7.7
Cash changes in financial debt	0.3	0.0	0.0	-3.7	-0.1	0.1
Changes in shareholders equity	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payments	-2.6	-2.6	-1.2	-2.1	-2.3	-2.6
Cash changes from own shares	0.0	0.0	0.0	0.0	0.0	0.0
Interest and other financial expenses	0.0	0.0	-0.2	0.0	0.0	0.0
Other changes from financing activities	-0.8	-1.3	-1.2	0.0	0.0	0.0
Cashflow from financing activities	-3.2	-3.9	-2.6	-5.8	-2.4	-2.5
Total change in cash and cash equivalents	6.5	4.3	1.7	-7.6	5.4	5.7
Effect of exchange rate changes on cash	-0.1	0.0	0.0	0.0	0.0	0.0
Other changes in cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents: Beginning of period	15.5	22.0	26.3	28.3	20.7	26.1
Cash and cash equivalents: End of period	22.0	26.3	28.0	20.7	26.1	31.8
Overdraft facilities with banks	0.7	0.0	0.3	0.0	0.0	0.0
Cash and cash equivalents	22.7	26.3	28.3	20.7	26.1	31.8

Source: Berentzen; FMR

Declaration of liability (disclaimer) and mandatory details pursuant to Section 85 Securities Trading Act (WpHG), EU Market Abuse Regulation (EU Regulation No. 596/2014), Delegated Regulation 2016/958 and Delegated Regulation 2017/565 including details of possible conflicts of interest (disclosures), the author and the responsible supervisory authority

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- b) Time conditions of expected updates: quarterly
- c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main
- d) Previous analyses: No analysis was published in the 12 months before publication of this analysis that contains a recommendation for a specific investment decision which contradicts this analysis.
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Berentzen-Gruppe AG

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(i.) has an involvement in the share capital of the issuer of at least 5 per cent;

(ii.) was involved in the management of a syndicate within the past five months that issued financial instruments of the issuer in the context of a public tender;

(iii.) managed financial instruments of the issuer on a market by means of concluding purchase or sale agreements:

(iv.) has, within the past twelve months, concluded an agreement regarding services in connection with investment banking business or received a service or performance promise from such agreement, with issuers which either themselves or the financial instruments thereof, are the subject of the financial analysis;

(v.) is in possession of a net sales or purchase position which exceeds the threshold of 0.5% of the total issued share capital of the issuer;

(vi.) has concluded an agreement regarding the preparation of investment recommendations with the issuer.

(vii.) has other significant interests with regard to the company being analysed, for example clients with the company being analysed.

Company **Disclosure(s)**

Berentzen Group AG

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Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date, EUR	Price target, EUR
05.05.2021	BUY	6.02	8.00
12.08.2021	BUY	6.44	8.00
08.10.2021	BUY	6.40	8.00
07.02.2022	BUY	6.60	8.00
29.03.2022	BUY	6.36	8.00
13.04.2022	BUY	6.42	8.00
13.07.2022	BUY	6.34	8.30
12.08.2022	BUY	6.38	8.40
30.09.2022	BUY	5,18	8,40
18.10.2022	BUY	5.22	8.80

4. Creation and distribution

a) Responsibility for creation and distribution

FMR Frankfurt Main Research AG

Registered office: Frankfurt am Main; Commercial Register No. HRB 113537, Frankfurt am Main district court; Chairman: Marcus Silbe

b) Issuer

Winfried Becker, Senior Equity Analyst

c) This study may only be used for the internal purposes of the addressee within the EEA or Switzerland.

5. Investment recommendation details

Investment recommendation details - stocks:

BUY: In our opinion, the stock will demonstrate an absolute price gain of at least 10 % in a 12-month period.

HOLD: In our opinion, the stock will not exceed or fall below an absolute price gain or loss of 10% in a 12-month period.

Sell: In our opinion, the stock will demonstrate an absolute price loss of at least 10 % in a 12-month period.

6. Sensitivity of the evaluation parameters

The figures from profit and loss calculations, cash flow statements and balance sheets which form the basis of the company evaluation are date-related estimates and therefore subject to risks. These may change at any time without prior notice. Regardless of the evaluation methods used, there are significant risks that the price goal/trend will not be achieved within the expected time frame. The risks include unforeseeable changes with regard to competition pressure, demand for the products of an issuer and the offer situation with respect to materials required for production as well as non-occurrence of the assumed development. Such deviations may be the result of changes relating to technology and changes relating to the economy, legal situation and exchange rates. No claim is made that this statement of evaluation methods and risk factors is complete.

7. Key sources of information

We have acquired the information upon which this document is based from sources that we consider in principle to be reliable. However, we have not verified all this information. Therefore, we cannot guarantee or ensure the accuracy, completeness or correctness of the information or opinions contained in this document. National and international media and information services (e.g. Factset, Bloomberg etc.), the financial press (e.g. BörsenZeitung, FAZ, Handelsblatt, Wallstreet Journal, etc.), specialist press, published statistics, the internet, as well as publications, details and information of the issuer that is the subject of the analysis.

8. Summary of the basis for evaluation

Individual issuers: Current and recognised evaluation methods (e.g. DCF method and Peer Group Analysis) are used for company analysis purposes. The DCF method calculates the value of the issuer based on the sum of the discounted cash flows, i.e. the cash value of the future cash flows of the issuer. The value is therefore determined on the basis of expected future cash flows and the applied discount rate. In Peer Group Analysis, issuers listed on the stock exchange are evaluated by comparing ratios (e.g. price/profit ratio, Enterprise Value/turnover, Enterprise Value/EBITDA, Enterprise Value/EBIT). The comparability of the ratios is primarily determined with reference to the business activity and economic prospects.

9. Internal organisational and regulatory measures for the prevention or management of conflicts of interest

Employees of FMR Frankfurt Main Research AG who are involved with the compilation and/or presentation of financial analyses are subject to the internal compliance regulations. The internal compliance regulations correspond to the provisions of the directive for the substantiation of the organisational obligations of investment service companies pursuant to Section 80 Securities Trading Act and EU/ESMA legislation on the basis of the Market Abuse Regulation.

The analysts of FMR Frankfurt Main Research AG do not receive any direct or indirect remuneration from the investment banking business of FMR Frankfurt Main Research AG.

On acceptance of the financial analysis, the recipient accepts that the above restrictions are binding.