

"Consumer Goods"

Berentzen-Gruppe AG

WKN: 520160 | ISIN: DE0005201602 | Bloomberg: BEZ GR

2022e with focus on growth

2021: Earnings improvement despite declining sales: (Interview with company):

The preliminarily reported figures from February were confirmed. Berentzen succeeded in significantly improving both Adj. EBITDA and Adj. EBIT on declining revenues. The 5.5% decline in revenues is largely explained by the termination of the contract filling business in the Non-alcoholic Beverages segment. Adjusted for this effect, sales would have increased by 1.0%. The improvement in earnings, e.g. in adjusted EBIT from EUR 5.2 to 6.7m (+29%), is mainly explained by the improvement in consolidated gross profit by approx. EUR 1.3m as well as successful cost discipline.

Berentzen - Financial targets 2022e: Against the backdrop of the gradual reduction of the Corona restrictions in Germany and Europe, the further planned revenue growth is reasonable for us. We see the possibility that Corona restrictions could be reintroduced in the fall as a potential risk to this, depending on the progress of the pandemic. On the other hand, a risk to the achievement of the performance targets (EBITDA, EBIT) are certainly the increases in procurement prices mentioned by the company. We have set our Adj. EBIT estimate at EUR 6.2m, slightly below the midpoint of the range.

EUR m	Berentzen, financial targets 2022e	FMR '22e
Group sales	154,0 - 162,0	159.0
Group EBITDA	14,0 - 17,0	14.6
Group EBIT	5,0 - 8,0	6.2

Source: Berentzen, FMR

We believe the rollback of the Corona restrictions in Germany will favour Berentzen's growth, as will the company's own growth initiatives. We confirm both our price target of EUR 8.0 per share and our "BUY" recommendation.

FY End: 31.12.; in EURm	CAGR (20-23e)	2018	2019	2020	2021e	2022e	2023e
Revenues	2.7%	162.2	167.4	154.6	146.1	159.0	167.5
Adj. EBITDA	3.1%	17.3	18.4	14.1	15.4	14.6	15.5
Adj. EBITDA margin		10.7%	11.0%	9.1%	10.5%	9.2%	9.3%
Adj. EBIT	12.8%	9.8	9.8	5.2	6.7	6.2	7.5
Adj. EBIT margin		6.0%	5.9%	3.4%	4.6%	3.9%	4.5%
Net income	50.4%	5.2	4.9	1.2	3.7	3.3	4.2
EPS, EUR	9.5%	0.55	0.52	0.13	0.39	0.35	0.45
Dividend per share, EUR		0.28	0.28	0.13	0.22	0.24	0.26
EV/Sales		0.4	0.3	0.3	0.3	0.3	0.3
EV/Adj. EBITDA		4.1	3.1	3.4	3.3	3.5	3.1
P/E		13.4	12.4	44.5	15.8	18.1	14.1
Net debt/Adj. EBITDA		-0.1	0.2	0.5	0.5	0.6	0.7

Source: Berentzen, FMR

Published: 29.03.2022

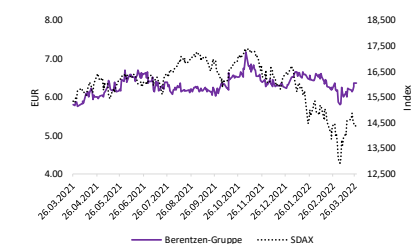
BUY

Before: BUY

Price target EUR 8.00 (8.00)
Share price EUR 6.36 (+25.8%)

*last closing price Börse Frankfurt

Change	2021e	2022e	2023e
Revenue	0.0	0.0	0.0
Adj. EBIT	0.0	-0.9	-0.3
EPS, EUR	0.00	-0.08	-0.01



Source: Börse Frankfurt, FMR

Basic share data

Number of shares (million)	9.60
Free float and others (in %)	79.1%
Market cap (EURm)	59.7
Trading volume (Ø)	30,299
High (EUR, 52 weeks)	7.36
Low (EUR, 52 weeks)	5.40

Shareholder structure

Monolith (NL)	5.2%
MainFirst (LU)	8.5%
Lazard Frères Gestion (FR)	5.1%
Treasury shares	2.1%
Free float and others	79.1%

Corporate calendar

Q1/22 report	03.05.2022
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Investment Thesis

After four weeks of the Russia-Ukraine war, we still expect the war to continue for some time. The extensive economic sanctions imposed by the West will isolate and hit Russia hard and could lead to further escalation measures. Even after a formal end to the war, we believe there will be lasting changes for Germany such as a reorganized energy supply or the organization of new raw material suppliers or the complete/partial loss of a sales market.

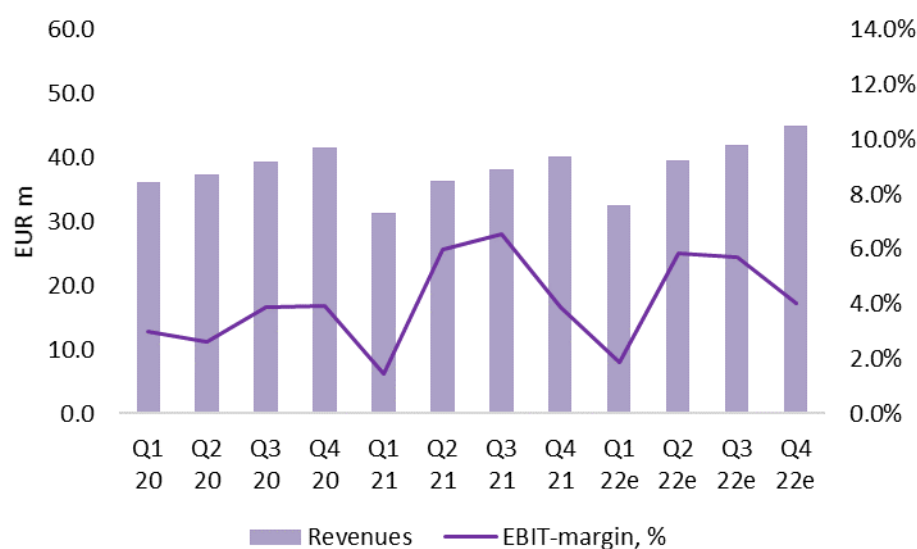
The economic consequences will also include a lower than previously assumed level of economic growth for Germany. Some economic research institutes (IfW Kiel; Ifo Institute Munich) have already revised their GDP forecasts for 2022 and 2023 downward.

In our view, corporate earnings for 2022e and 2023e will come under further pressure in the course of the year. Depending on the sector, there will be a broad spread. Currently (03/23/2022, FAZ), earnings for the DAX40P index are expected to rise by 5.6% in 2022e. However, the 2022e P/E valuation of 12.6x has also moved back towards long-term averages. During the phase of the sharp decline in the SDAX index (see cover page chart), the Berentzen share has shown great resilience.

For the Berentzen Group, the immediate effects of the Russia-Ukraine war on business are negligible. More important for the business development is the expiration of the Corona restrictions in Germany. In our estimation, Berentzen will benefit from this in 2022e.

Further highlights

- **Revenues Segments:** The decline in the Berentzen Group's revenues is attributable in particular to the Non-alcoholic Beverages segment. The segment reached EUR 35.3m compared to EUR 45.3m in 2020. Adjusted for the effect of contract filling, segment revenues would have grown by 1.0%. The performance of the "Mio Mio" brand, which grew by 8.9%, was encouraging. With a 63.4% share of sales, the largest segment, Spirits, was almost stable in terms of sales at EUR 92.7m
- The **cashflow** from operating activities (Berentzen definition) improved by a gratifying 38% to EUR 12.6m
- **Quarterly development:** In terms of EBIT, the third quarter of '21 delivered the highest figure of all four quarters at EUR 2.5m. The quarter was largely free of Corona restrictions. In Q4/21, however, the restrictions were increased again and EBIT was stable year-on-year at EUR 1.6m.

Berentzen: Revenues and EBIT-margin development per quarter


Source: Berentzen, FMR

- Growth 2022e:** Sales and earnings growth is to be driven in particular by the four strategic core themes of the liqueur offensive, premium spirits, Mio Mio, and focusing on core markets in fresh juice systems. From a segment perspective, a higher contribution margin after marketing budgets is targeted for Non-Alcoholic Beverages in particular: EUR 23.3 to 25.7m, up from EUR 20.5m in 2021. A more detailed update will follow.
- Higher dividend for shareholders:** The Executive Board will propose to the AGM that a dividend of EUR 0.22 per share to be distributed (+69%). This corresponds to a payout ratio of 56% related to Net income. Based on the average share price for 2021 of EUR 6.22, the dividend yield (before taxes) is 3.5%.

Financial calendar:

03.05.2022:	Q1/22 interim report
18.05.2022:	Annual Shareholder Meeting FY '21
11.08.2022:	H1/22 interim report
25.10.2022:	9M/22 interim report

Berentzen Group AG - Income Statement

in EUR m (IFRS)	2018	2019	2020	2021e	2022e	2023e
Revenues	162.2	167.4	154.6	146.1	159.0	167.5
YoY growth	1.1%	3.2%	-7.6%	-5.5%	8.8%	5.3%
Increase/Decrease in inventories of finished goods and work in progress	1.4	0.0	0.1	0.2	0.3	0.2
as % of revenues	0.9%	0.0%	0.0%	0.1%	0.2%	0.1%
Total Operating Output	163.6	167.4	154.6	146.3	159.3	167.7
YoY growth	0.7%	2.3%	-7.6%	-5.4%	8.9%	5.2%
Cost of Materials	-91.9	-92.7	-87.5	-78.0	-89.7	-94.2
as % of revenues	56.7%	55.4%	56.6%	53.4%	56.4%	56.3%
Gross Profit	71.7	74.7	67.1	68.3	69.6	73.4
as % of revenues	44.2%	44.6%	43.4%	46.7%	43.8%	43.8%
Personnel expenses	-24.6	-25.6	-25.0	-26.8	-26.1	-27.2
as % of revenues	15.1%	15.3%	16.2%	18.3%	16.4%	16.2%
Other operating expenses	-35.3	-35.9	-31.2	-30.1	-32.3	-33.9
as % of revenues	21.8%	21.4%	20.2%	20.6%	20.3%	20.2%
Other operating income	4.7	4.1	3.1	3.8	3.3	3.1
as % of revenues	2.9%	2.4%	2.0%	2.6%	2.1%	1.9%
EBITDA reported	16.5	17.3	14.0	15.4	14.6	15.5
as % of revenues	10.2%	10.3%	9.1%	10.5%	9.2%	9.3%
Depreciation of property, plant and equipment, and amortisation of intangible assets	-7.5	-8.5	-10.3	-8.6	-8.4	-8.0
as % of revenues	4.6%	5.1%	6.7%	5.9%	5.3%	4.8%
EBIT reported	9.0	8.7	3.7	6.7	6.2	7.5
as % of revenues	5.5%	5.2%	2.4%	4.6%	3.9%	4.5%
Financial result (net)	-1.6	-1.6	-1.5	-1.3	-1.5	-1.5
EBT (Earnings before taxes)	7.4	7.2	2.3	5.3	4.7	6.1
as % of revenues	4.6%	4.3%	1.5%	3.6%	3.0%	3.6%
Income taxes	-2.3	-2.3	-1.0	-1.6	-1.4	-1.8
as % of EBT	30.5%	31.7%	45.1%	30.2%	30.0%	30.0%
Net income	5.2	4.9	1.2	3.7	3.3	4.2
as % of revenues	3.2%	2.9%	0.8%	2.5%	2.1%	2.5%
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net income attributable to shareholders	5.2	4.9	1.2	3.7	3.3	4.2
as % of revenues	3.2%	2.9%	0.8%	2.5%	2.1%	2.5%
Shares outstanding (in m), weighted	9.39	9.39	9.39	9.39	9.39	9.39
Basic earnings per share (EUR)	0.55	0.52	0.13	0.39	0.35	0.45

Source: Berentzen; FMR

Berentzen-Gruppe AG - Balance Sheet

in EUR m (IFRS)	2018	2019	2020	2021e	2022e	2023e
Assets						
Non-current assets	59.4	59.7	56.1	54.7	53.2	52.4
as % of total assets	41.0%	39.4%	38.6%	36.6%	35.0%	33.7%
Intangible assets	6.0	5.5	4.6	4.0	3.4	3.0
Goodwill	6.1	6.1	6.1	6.1	6.1	6.1
Property, plant and equipment	45.8	45.4	42.2	41.2	40.2	39.7
Non-current financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Real Estate held as financial investment	0.8	0.7	0.0	0.0	0.0	0.0
Leasing and rental assets	0.0	1.3	2.1	2.1	2.2	2.2
Other non-current assets	0.8	0.8	1.0	1.2	1.2	1.3
Deferred tax assets, long-term	0.0	0.0	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	85.5	91.9	88.4	94.3	98.2	102.3
as % of total assets	59.0%	60.6%	60.9%	63.0%	64.6%	65.8%
Inventories	39.9	40.6	39.4	42.6	43.4	44.3
Trade accounts receivable	16.4	14.8	11.8	13.0	13.1	13.4
Current prepayments made	0.0	0.0	0.0	0.0	0.0	0.0
Other current non-financial assets	13.1	13.7	10.1	11.6	12.2	12.8
Deferred tax assets, short-term	0.3	0.1	0.8	0.8	0.9	0.9
Current financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	15.8	22.7	26.3	26.3	28.6	30.9
Assets held for sale	0.0	0.0	0.7	0.7	0.7	0.7
as % of total assets	0.0%	0.0%	0.5%	0.5%	0.5%	0.5%
Total assets	144.9	151.6	145.2	149.7	152.0	155.4
Shareholders' equity and liabilities						
Shareholders' equity	47.4	49.2	47.2	49.7	50.9	52.9
as % of total equity and liabilities	32.7%	32.4%	32.5%	33.2%	33.5%	34.1%
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	16.2	18.0	16.0	16.0	16.0	16.0
Treasury stocks	0.0	0.0	0.0	0.0	0.0	0.0
Other equity items	0.0	0.0	0.0	2.5	3.7	5.7
Minority interest on equity	0.0	0.0	0.0	0.0	0.0	0.0
Non-current provisions/liabilities	19.0	19.5	18.7	18.5	18.8	18.9
as % of total equity and liabilities	13.1%	12.9%	12.9%	12.4%	12.4%	12.2%
Non-current pension provisions	9.5	9.3	8.6	8.7	8.9	9.1
Other non-current provisions	0.4	0.6	0.3	0.3	0.3	0.3
Non-current financial liabilities	7.1	7.9	8.6	8.3	8.3	8.3
Non-current prepayments received	0.0	0.0	0.0	0.0	0.0	0.0
Non-current deferred tax liabilities	2.0	1.8	1.2	1.2	1.2	1.3
Other non-current liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities and provisions	78.5	82.9	79.3	81.5	82.3	83.5
as % of total equity and liabilities	54.2%	54.7%	54.6%	54.4%	54.1%	53.8%
Current provisions	0.7	0.3	0.1	0.1	0.1	0.1
Current financial liabilities	1.1	2.3	1.7	2.0	2.0	2.0
Trade accounts payable	9.4	10.2	9.7	10.4	10.5	10.5
Current prepayments received	0.0	0.0	0.0	0.0	0.0	0.0
Current tax liabilities	2.8	1.5	0.3	0.3	0.3	0.3
Current deferred tax liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other current liabilities	64.5	68.6	67.6	68.7	69.5	70.6
Liabilities held for sale	0.0	0.0	0.0	0.0	0.0	0.0
as % of total equity and liabilities						
Total equity and liabilities	144.9	151.6	145.2	149.7	152.0	155.4

Source: Berentzen; FMR

Berentzen-Gruppe AG - Cash Flow Statement

in EUR m (IFRS)	2018	2019	2020	2021e	2022e	2023e
Net profit incl. Minorities	5.2	4.9	1.2	3.7	3.3	4.2
Depreciation/impairments	7.5	8.6	10.3	7.6	8.4	8.0
Change in pension and similar provisions	-0.4	-0.6	-1.1	0.2	0.2	0.2
Other non-cash expenses/income	-0.5	-0.9	-0.8	0.6	0.6	0.6
Change in Working Capital	-7.5	5.5	6.5	-4.6	-1.4	-1.2
Cash effects from divestment of fixed assets						
Cash effect from interests	0.3	0.2	0.2	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	1.1	-1.2	-2.7	0.0	0.0	0.0
Cash effects from extraordinary items	0.0	0.0	0.0	0.0	0.0	0.0
Cashflow from Operations	5.6	16.6	13.6	7.5	11.1	11.9
Investments in Fixed assets	-6.8	-7.2	-5.5	-6.0	-6.8	-7.1
Payments received: Disposal of non-current assets	0.3	0.3	0.1	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	0.0	0.1	-0.2	-0.1	-0.1
Cashflow from investing activities	-6.5	-6.9	-5.4	-6.2	-6.9	-7.2
Cash changes in financial debt	0.0	0.3	0.0	-0.1	0.1	-0.1
Changes in shareholders equity	0.0	0.0	0.0	0.0	0.0	0.0
Dividend payments	-2.1	-2.6	-2.6	-1.2	-2.1	-2.3
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	0.0	0.0	0.0	0.0
Other changes from financing activities	0.0	-0.8	-1.3	0.0	0.0	0.0
Cashflow from financing activities	-2.1	-3.2	-3.9	-1.3	-2.0	-2.4
Total change in cash and cash equivalents	-2.9	6.5	4.3	0.0	2.3	2.3
Effect of exchange rate changes on cash	0.0	-0.1	0.1	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	18.4	15.5	22.0	26.3	26.3	28.6
Cash and cash equivalents: End of period	15.5	22.0	26.3	26.3	28.6	30.9
Overdraft facilities with banks	0.3	0.7	0.0	0.0	0.0	0.0
Cash and cash equivalents	15.8	22.7	26.3	26.3	28.6	30.9

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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- a) First publication: 29.03.2022
- 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.
- e) The analysis was made available to the issuer, to the extent that is legally permissible, before publication and was not amended thereafter.
- f) All prices and price developments listed in the analysis are based on closing prices insofar as no contradictory details were provided about prices and price developments.

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 - (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-Gruppe AG

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b) FMR Frankfurt Main Research AG has been commissioned by ODDO BHF Corporates & Markets AG to prepare this financial analysis. ODDO BHF Corporates & Markets AG in turn acts on behalf of the issuers who are themselves or whose financial instruments are the subject of this financial analysis.

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(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:

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Company **Disclosure(s)**

Berentzen Group AG

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Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date	Price target
04.02.2021	BUY	5.72 EUR	8.00 EUR
26.03.2021	BUY	5.86 EUR	8.00 EUR
05.05.2021	BUY	6.02 EUR	8.00 EUR
12.08.2021	BUY	6.44 EUR	8.00 EUR
08.10.2021	BUY	6.40 EUR	8.00 EUR
07.02.2022	BUY	6.60 EUR	8.00 EUR
29.03.2022	BUY	6.36 EUR	8.00 EUR

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

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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

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