" Consumer Goods "

Berentzen Group AG

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

Innovations and a focused value chain

Entrepreneurial challenges: The Berentzen Group is confronted with a highly competitive market environment and not only with the necessity to quickly implement product innovations in the market. Streamlining the portfolio and the associated reduction in product diversity as well as the release of operational resources are equally important. Against this background, the reorientation of the traditional company must be seen.

Sharpened growth and profit profile: In the coming years, the reduction of product diversity and the strengthening of high-margin and high-growth areas should free up operational resources, which should flow increasingly into product innovations, the establishment of further national and international sales structures and intensified marketing measures. The company's portfolio of high-growth, high-margin products is demonstrated not only by its own brand, Mio Mio, which has been growing dynamically for years. The growth segment of fresh juice systems, which had to leave its mark on the market in 2018, can also be expected to generate significant growth again in the current financial year on the basis of the H1/19 figures.

Sales estimate 2019e to 2021e: Based on the solid H1/19 financial figures, we expect sales of EUR 169m for 2019e (2019e sales guidance: between EUR 164.7 and 173.4m). For 2020e and 2021e, we forecast growth rates of 3.8% and 3.5%, respectively, implying revenues of EUR 181.5m in 2021e.

EBITDA/ EBIT estimate 2019e to 2021e: For 2019e, we expect adjusted EBITDA of EUR 16.7m (EBITDA guidance 2019e: EUR 17.0 to 18.8m). Adjusted EBITDA rises continuously between 2020e and 2021e at an almost constant margin level, reaching EUR 18.2m in 2021e. Forecasted adjusted EBIT also rises to EUR 10.0m by 2021e.

Our DCF model delivers a fair value of EUR 9.42 per share. The peer group shows a fair value of EUR 11.47 per share. We initiate our coverage with a BUY recommendation and a price target of EUR 10.00 per share.

GY End: 31.12;.in EURm	CAGR (18-21e)	2016	2017	2018	2019e	2020e	2021e
turnover	3.8%	170.0	160.4	162.2	169.0	175.3	181.5
Adj. EBITDA	1.6%	17.5	16.4	17.3	16.7	17.5	18.2
margin		10.3%	10.2%	10.7%	9.9%	10.0%	10.0%
Adj. EBIT	0.5%	10.5	9.2	9.8	9.6	9.8	10.0
margin		6.2%	5.8%	6.0%	5.7%	5.6%	5.5%
net result	4.4%	4.3	2.6	5.2	5.7	5.8	5.9
EPS	4.4%	0.46	0.27	0.55	0.60	0.61	0.63
Dividend per share		0.25	0.22	0.28	0.30	0.31	0.31
EV/Sales		0.39	0.48	0.37	0.40	0.37	0.34
EV/EBITDA		3.80	4.59	3.49	4.00	3.67	3.44
P/E		16.16	30.21	11.31	10.33	10.10	9.93
Net debt/EBITDA		-0.31	-0.01	0.11	0.50	0.32	0.23
Source: Berentzen Group, FMR							

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" Initial Coverage "

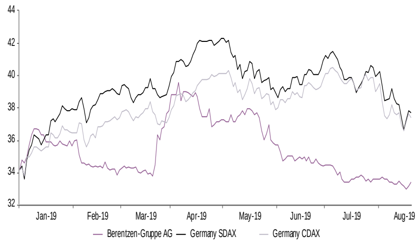
BUY

Before: -

Price target **EUR** **10,00 (-)**
Share price EUR 6.08 (**+66%**)

**last XETRA closing price*

Initial	2019e	2020e	2021e
Turnover	169.0	175.3	181.5
Adj. EBIT	9.6	9.8	10.0
EPS	0.60	0.61	0.63



Source: Factset

Basic share data

Number of shares (inms)	9.39
Free float and others (in %)	76.77%
Market cap (EURm)	58.4
Trading volume (Ø)	3,943
High (EUR, 52 weeks)	7.2
Low (EUR, 52 weeks)	5.9

Shareholder structure

Monolith (NL)	9.93%
MainFirst (LU)	8.50%
Intrepid Capital Fund (US)	4.80%
Free float and others	76.77%

Corporate calendar

Interim Report Q3/2019	24.10.19

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Investment thesis

Traditional company from Haselünne

The Berentzen Group, with its headquarters in Haselünne (Lower Saxony, Emsland), can meanwhile look back on over 250 years of company history. This traditional company is one of the oldest producers of spirits in Germany.

With the foundation of Emsland-Getränke in 1958, the successful expansion of business activities to include non-alcoholic soft drinks took place, which have increasingly developed into the growth engine of the Group in recent years. The non-alcoholic beverages segment is now dominated by Vivaris Getränke GmbH & Co. KG, in which the former Emsland beverages were merged. The Group has also been developing and selling fresh juice systems through its Austrian subsidiary Citrocasa GmbH since 2014. Under the "Citrocasa" brand, high-quality fruit presses, untreated juice oranges and special filling containers are offered from a single source on national and international sales markets.

Supplier of drinks for every occasion

The Group's business activities include the development of products based on trend and market analyses as well as the production and sale of similar products. The company thus covers the entire value chain. In addition, Berentzen has succeeded over the years in building up a broad product portfolio and successfully positioning itself as a supplier of beverages for every occasion in the national beverage market.

Competitive and market forces require...

As a result of its broad product portfolio, the Group is exposed to a wide variety of competitive and market forces, which influence both growth and profitability. Basically, the Group faces an intense competitive environment for both spirits and non-alcoholic beverages. Whereas the spirits market is an stagnating sales market with relatively intense price competition, the market for non-alcoholic beverages has been experiencing rising sales volumes for years, which are also accompanied by price increases depending on sub-segment and product.

...innovative and market-oriented product differentiation strategies

In both market segments, the Berentzen Group has repeatedly successfully further developed existing product groups or launched completely new beverages on the market. On the one hand, this enabled new customer groups and growth areas to be developed and shrinking product areas to be offset at Group level. On the other hand, product differentiation strategies have also contributed to successfully asserting oneself against competitors and defending market shares.

Transformation process aims to sharpen growth and margin profile

The broadly diversified product portfolio, however, also ties up operating resources that are not readily available to product groups with strong growth and margins. Therefore, the Berentzen Group started a transformation process at the beginning of fiscal 2018, which is expected to be completed in 2019 and which aims to sharpen the Group's growth and profitability profile. Particularly by reducing product diversity and strengthening high-margin and high-growth areas, operational resources are to be freed up in the coming years, which are to flow increasingly into product innovations, the establishment of additional national and international sales structures and intensified marketing measures.

The company's portfolio of high-growth, high-margin products is demonstrated not only by its own brand Mio Mio, which has been growing dynamically for years. The former growth segment of fresh juice systems, which had to leave its mark in the past 2018 financial year, is also expected to generate significant growth again in the current financial year on the basis of the H1/19 figures.

Revenues rise to EUR 181.5m by 2021e

On the basis of the solid H1/19 financial figures, we expect sales of EUR 169m in 2019e, which corresponds to sales growth of 4.2%. In 2020e and 2021e, we forecast growth rates of 3.8% and 3.5%, respectively, implying revenues of EUR 181.5m in 2021e.

2019e: Adjusted EBITDA and EBIT of 16.7 and EUR 9.6m, respectively, expected

Overall, our assumptions in 2019e lead to adjusted EBITDA of EUR 16.7m, which is slightly below the Group's earnings range (EBITDA guidance: EUR 17.0 to 18.8m). In the following years, adjusted EBITDA is expected to rise continuously at an almost constant margin level and reaches EUR 18.2m in 2021e. The forecast adjusted EBIT rises continuously during the forecast period from EUR 9.6m in 2019e to EUR 10.0m in 2021e.

Annual dividend payouts of at least 50% of net profit expected

The company's dividend policy announced at the most recent Annual General Meeting provides for at least 50% of consolidated net income to be distributed to shareholders as dividends in the future. We have therefore included dividend distributions in our financial planning, which will increase slightly between 2019e and 2021e from EUR 0.30 to EUR 0.31 per share.

DCF model: Fair value per share: EUR 9.42

Based on these assumptions, we derive an enterprise value of EUR 90.5m from our DCF model. In consideration of the net liquidity of the Berentzen Group amounting to EUR -2.0m, we calculate a fair value of equity of EUR 88.5m. The fair value per share is EUR 9.42.

Optimistic scenario implies fair value per share of EUR 12.16

Sensitivity analysis reveals how the fair value per share changes if the average EBIT margin anticipated in Phase 2 changes by one percentage point. If the Company succeeds in increasing the average EBIT margin generated in Phase 2 to 7.1% or 8.1% in the future, this would raise the fair value per share to EUR 10.54 or EUR 12.16 per share.

Peer group comparison leads to a fair value of EUR 11.47 per share

From our peer group analysis, we derive values for the market capitalization of the Berentzen Group ranging from EUR 85.7m to EUR 125.3m. Broken down to the individual shares, the peer group comparison shows a valuation range of EUR 9.12 per share (EV/EBIT 2021e) and EUR 13.34 per share (EV/sales 2021e). Our peer group comparison results in a fair market value of EUR 107.7m and a fair value of EUR 11.47 per Berentzen share.

SWOT

Strengths

- Traditional company with more than 250 years of company history
- Broad and valuable brand and product portfolio with beverages for every occasion
- High quality standard for the products and services offered (2018: Award from Pabst & Richarz Vertriebs GmbH for outstanding quality by the Federal Ministry of Food and Agriculture)
- Market leadership in the fruity spirits product segment with the "Berentzen" brand (market share at the end of 2018: around 20%)
- High degree of awareness, in particular of the core brands Berentzen and Puschkin in the spirits segment
- Strongly growing sales of Mio Mio products for years underscores development and sales expertise
- Continuous further development of the existing brand and product portfolio, continuous research & development (Berentzen Signature, Mio Mio, Kräuterbraut, Orange Juicer, etc.)
- Fresh Systems segment with unique "one-stop shopping system" (machine, orange, bottle from a single source) in Germany and Austria
- Lean business model in the fresh juice systems segment, i.e. low capital commitment through outsourced supply chains
- More than 50 years of experience in the concessions business (currently Sinalco)
- Stable operating income, regular dividend payments, attractive dividend policy

Weaknesses

- Sales expectations for fiscal 2018 could not be achieved due to weak business development in the Fresh Juice Systems segment
- Operating margins rather low compared to comparable companies in the beverage industry
- High number of products in the product portfolio that only generate a small contribution to value added
- Strong bargaining power of intermediaries (in particular food retailers), which usually play off competing producers of alcoholic and non-alcoholic beverages against each other and can enforce price reductions or make price increases more difficult despite high-quality products.
- Dependence on factors of production and regulations that cannot be influenced (crop balance, international customs and trade agreements)
- Weak presence of Mio Mio brand in Southern Germany

Chances

- Opportunities from increased sales potential for mineral water products through increased focus on topics such as regionality, ecology and sustainability
- Optimization of international fruit logistics and successful implementation of technical innovations in fruit presses could put the Fresh Juice Systems segment back on the growth track.
- Product launches in the alcoholic (expansion of the "Fruity Spirits" product line under the Berentzen brand) and non-alcoholic (herbal bride, expansion of the Mio product line by two variants) beverage segments could enable the company to grow faster than expected
- H1/19 figures show strong sales and revenue momentum in the recently weakly developing Fresh Juice Systems segment, with the result that significant sales and value-added contributions are again expected at Group level in the current 2019 financial year.
- Communicated strategic goal of focusing more on high value-added products and reducing low-margin items could free up operating resources whose economically sensible use could accelerate growth and significantly increase the profitability of the Berentzen Group in the medium term
- Expansion of national and international presence of Mio
- Inorganic sales and profit growth through valuable and strategically sensible acquisitions

Risks

- At the end of 2018, two major customers accounted for around 18% (customer A) and 11% (customer B) of Group revenue, respectively, and around 48% of Group revenue was generated with the four largest customers, representing a relatively high customer concentration and corresponding sales risks.
- Dependence on different raw material and producer markets relevant for the production of alcoholic and non-alcoholic beverages as well as the trade of oranges (citrus fruits, cereal and agricultural alcohols, raw materials and aromas, glass and cardboard etc.), which can lead to extraordinary strains on results due to regulatory measures or adverse climatic conditions.
- Legal dispute between T M P Technic-Marketing-Products GMBH and a distributor operating for it in the USA could lead to additional legal costs

Valuation

DCF Model

To determine the intrinsic value of the Berentzen Group, we conducted a DCF analysis in which we assessed the specific business prospects of the company, which are only rudimentarily covered, if at all, by market-based valuation methods. The company value is calculated as the sum of the discounted free cash flows, which reflect assumptions about the forecast development of sales, profit margins, investments and operating capital.

For forecasting free cash flows, we initially rely on the sales revenue projection. An annual average increase of 3.6% in generated revenues is forecast for the period 2019e-2021e. In phase 1 of our DCF model, revenues increase to EUR 181.5m. Revenues in phase 2 (2022e to 2028e) of our DCF model increase slightly more moderately by an average of 2.6% per year and reach EUR 218.3m in 2028e. The average annual growth rate over the entire forecast period is 2.9%. We argue that the non-alcoholic beverages and fresh juice systems segment will perform significantly better than the spirits business and will provide sustainable growth at Group level.

Sales revenues in the DCF model grow by an average of 2.9% per year

Discounted Cash Flow Modell

	PHASE 1			PHASE 2							PHASE 3
in EURm	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	∞
Sales	169.0	175.3	181.5	187.4	193.0	198.8	204.7	209.9	214.1	218.3	
Sales growth YoY in %	4.2%	3.8%	3.5%	3.3%	3.0%	3.0%	3.0%	2.5%	2.0%	2.0%	
EBIT	9.6	9.8	10.0	10.5	11.1	11.8	12.5	13.2	13.9	14.5	
EBIT margin in %	5.7%	5.6%	5.5%	5.6%	5.8%	6.0%	6.1%	6.3%	6.5%	6.7%	
Income tax on EBIT	-2.9	-2.9	-3.0	-3.1	-3.3	-3.5	-3.8	-4.0	-4.2	-4.4	
Depreciation and amortisation	7.1	7.6	8.2	8.5	8.7	8.8	9.1	9.3	9.5	10.0	
Change in net working capital	-3.2	-2.9	-3.0	-2.0	-1.9	-1.8	-1.7	-1.6	-1.5	-1.4	
Net capital expenditure	-7.9	-7.9	-8.3	-8.6	-9.0	-9.1	-9.4	-9.7	-9.8	-10.0	
Free cash flow	**2.8**	**3.7**	**4.0**	**5.3**	**5.6**	**6.1**	**6.7**	**7.3**	**7.8**	**8.7**	
Present values	**2.7**	**3.3**	**3.2**	**3.9**	**3.8**	**3.8**	**3.8**	**3.8**	**3.7**	**3.8**	**54.8**

Present value Phase 1	9.2	17%
Present value Phase 2	26.5	29%
Present value Phase 3	54.8	61%
Total present value	**90.5**	100%
- Net cash	-2.0	
- Minority interest (est. market value)	0.0	
Fair value of equity	**88.5**	
Number of shares (m)	9.4	
Fair value per share (EUR)	**9.42**	

Risk free rate	2.0%	Target equity ratio	80.0%
Equity risk premium	6.0%	Tax shield	30.0%
Debt risk premium	3.0%	Beta (fundamental)	1.40
CAGR Sales Phase 2	2.6%	**WACC**	**9.00%**
Ø EBIT-margin Phase 2	6.1%	**Terminal growth**	**2.0%**

Sensitivity analysis

		Terminal growth (Phase 3)				
		1.0%	**1.5%**	**2.0%**	**2.5%**	**3.0%**
EBIT margin	**4.1%**	5.22	5.43	5.66	5.93	6.24
	5.1%	6.71	6.98	7.28	7.64	8.05
	6.1%	8.20	8.53	**9.42**	9.35	9.85
	7.1%	9.69	10.09	10.54	11.06	11.66
	8.1%	11.18	11.64	12.16	12.77	13.47

Source: FMR

Subdued EBIT growth in phase 1

In our DCF model, the EBIT margin rises from 5.7% in 2019e to 6.7% in 2028e. During phase 1, the EBIT margin initially decreases slightly from 5.7% in 2019e to 5.5% in 2021e before margin expansion begins. Our argument is that the anticipated disproportionate increase in amortization and depreciation, personnel expenses and other operating expenses (in particular due to rising sales and marketing expenses) in phase 1 will dampen the EBIT development and lead to a slightly disproportionate increase compared to sales. Assuming that the growth and margin effects resulting from the realignment materialise from phase 2 onwards, and that sales growth weakens, EBIT will increase disproportionately in relation to sales.

Increasing investments accompany rising turnover

In our DCF model, depreciation and amortization are rising continuously and, at the end of the forecast period in 2028e, will reach the level of the forecast investments, which will increase by an average of 2.8% per year between 2019e and 2028e. The Berentzen management expects investments of around EUR 7.5m for 2019e (FMRe: EUR 7.9m), compared with EUR 6.8m in the previous year. In subsequent years, too, our estimates point to rising capital expenditure, which will reach EUR 10.0m in 2028e. The strategic realignment of operating processes and structures was also accompanied by a significant increase in technical and market-related investments as part of the transformation process launched in 2018, which are intended to raise future margin potential. As our DCF model is based on the assumption that both sales and operating margins will increase continuously, we also see a need to invest continuously in operating processes.

WACC: 9.0%.

Weighted Average Cost of Capital (WACC): On the basis of the expected long-term returns on German government bonds, we have set the risk-free interest rate at 2.0%. We expect an equity risk premium of 6.0%. The company-specific beta has been set at 1.4 in order to adequately include the market risk of the share in the valuation. In addition, we expect our long-term equity ratio to reach 80%. These premises lead to a WACC of 9.0%.

Fair value per share: 9,42 Euro

Under these assumptions, we derive an enterprise value of EUR 90.5m. Taking into account the net liquidity of the Berentzen Group amounting to EUR -2.0m, we calculate a fair value of equity of EUR 88.5m. The fair value per share is EUR 9.42.

Optimistic scenario implies fair value per share of EUR 12.16

The sensitivity analysis shows how the fair value per share changes if the average EBIT margin anticipated in Phase 2 changes by one percentage point. Should the Company succeed in increasing the average EBIT margin generated in Phase 2 to 7.1% or 8.1% in the future, this would increase the fair value per share to EUR 10.54 or EUR 12.16 per share.

Peer group valuation

Peer Group's focus on spirits producers

To incorporate a market-oriented approach into our valuation, we conducted a multiplier valuation. The peer group includes spirits producers (Campari/Italy, Altia/Finland, Arcus/Norway (also wine), Remy Cointreau/France, Stock Spirits Group/UK and Diageo/UK (also beer)), producers of beers and soft drinks (AG BARR/UK, Olvi/Finland) as well as Schloss Wachenheim/Germany, which offers sparkling wines, spirits, children's soft drinks and wines.

Peer Group - Overview

Company name	Market cap.	EV	EBITDA 2019E	EBITDA 2020E	EBITDA 2021E	EBIT 2019E	EBIT 2020E	EBIT 2021E	Sales 2019E	Sales 2020E	Sales 2021E
Berentzen-Gruppe	58.4	69.5	16.7	17.5	18.2	9.6	9.8	10.0	169.0	175.3	181.5
Davide Campari-Milano	9,211	9,911	477.0	522.8	568.0	416.0	455.0	498.5	1,836.5	1,955.0	2,072.8
Altia	265	346	41.9	44.6	50.4	23.9	26.6	30.4	363.7	368.1	372.0
Arcus	253	442	42.6	44.3	44.9	31.8	33.5	34.2	278.1	282.9	289.9
AG BARR	771	741	50.2	52.4	53.5	40.4	42.2	43.7	286.0	291.9	297.3
Olvi	750	731	77.1	79.7	82.2	53.6	56.6	57.3	408.0	422.0	436.0
Remy Cointreau	6,519	6,817	324.6	362.0	399.7	294.7	327.0	366.4	1,171.1	1,258.4	1,351.5
Schloss Wachenheim	128	203	32.9	34.1	35.2	23.4	24.5	25.3	339.7	344.6	354.7
Stock Spirits Group	514	535	63.0	68.0	70.6	53.1	57.2	60.3	303.1	321.9	333.9
Average			**670.7**	**731.0**	**777.9**	**606.0**	**659.0**	**704.5**	**2,122.9**	**2,271.9**	**2,386.9**
Median			**63.0**	**68.0**	**70.6**	**53.1**	**56.6**	**57.3**	**363.7**	**368.1**	**372.0**

Source: FMR, FactSet

Margins of peer group companies deviate upwards

As the table above shows, the consensus for Schloss Wachenheim (the peer group company with the smallest market capitalization) anticipates almost twice as much revenue as our estimates for the Berentzen Group. Furthermore, the table below shows that the Berentzen Group is only comparable to the peer group in terms of our expected growth rates for sales. Both the forecast EBITDA and EBIT margins of the Berentzen Group are significantly lower than those of the peer group.

Peer Group - Expected sales and margins

Company name	EBITDA-margin 2019E	EBITDA-margin 2020E	EBITDA-margin 2021E	EBIT-margin 2019E	EBIT-margin 2020E	EBIT-margin 2021E	Sales growth 2019E	Sales growth 2020E	Sales growth 2021E
Berentzen-Gruppe (FMR)	9.9%	10.0%	10.0%	5.5%	5.4%	5.3%	4.2%	3.8%	3.5%
Davide Campari-Milano	26.0%	26.7%	27.4%	22.7%	23.3%	24.0%	7.3%	6.5%	6.0%
Altia	11.5%	12.1%	13.5%	6.6%	7.2%	8.2%	1.8%	1.2%	1.1%
Arcus	15.3%	15.7%	15.5%	11.4%	11.9%	11.8%	0.8%	1.7%	2.5%
AG BARR	17.6%	18.0%	18.0%	14.1%	14.4%	14.7%	-6.2%	2.1%	1.9%
Olvi	18.9%	18.9%	18.9%	13.1%	13.4%	13.1%	6.2%	3.4%	3.3%
Remy Cointreau	27.7%	28.8%	29.6%	25.2%	26.0%	27.1%	-3.7%	7.5%	7.4%
Schloss Wachenheim	9.7%	9.9%	9.9%	6.9%	7.1%	7.1%	4.7%	1.4%	2.9%
Stock Spirits Group	20.8%	21.1%	21.1%	17.5%	17.8%	18.1%	10.9%	6.2%	3.7%
Diageo	34.9%	35.3%	35.7%	32.0%	32.3%	32.7%	5.8%	7.7%	5.1%
Average	**20.3%**	**20.7%**	**21.1%**	**16.6%**	**17.0%**	**17.4%**	**3.1%**	**4.2%**	**3.8%**
Median	**18.9%**	**18.9%**	**18.9%**	**14.1%**	**14.4%**	**14.7%**	**4.7%**	**3.4%**	**3.3%**

Source: FMR, FactSet

Altia and Schloss Wachenheim as comparable companies

For this reason, we further narrow down the peer group and base our derivation of fair value on the multipliers for the Finnish Altia and the German company Schloss Wachenheim. Both peers are closest to Berentzen in terms of operating margins. However, we are forecasting slightly higher average growth rates in sales for the

Berentzen Group. A valuation premium due to the stronger growth momentum is neutralised by the fact that the two comparable companies are significantly larger groups.

Peer Group - Valuation

Company name	EV/EBITDA			EV/EBIT			EV/Sales		
	2019E	**2020E**	**2021E**	**2019E**	**2020E**	**2021E**	**2019E**	**2020E**	**2021E**
Davide Campari-Milano	20.8x	19.0x	17.4x	23.8x	21.8x	19.9x	5.4x	5.1x	4.8x
Altia	8.3x	7.8x	6.9x	14.5x	13.0x	11.4x	1.0x	0.9x	0.9x
Arcus	10.4x	10.0x	9.9x	13.9x	13.2x	12.9x	1.6x	1.6x	1.5x
AG BARR	14.7x	14.1x	13.8x	18.3x	17.6x	17.0x	2.6x	2.5x	2.5x
Olvi	9.5x	9.2x	8.9x	13.6x	12.9x	12.8x	1.8x	1.7x	1.7x
Remy Cointreau	21.0x	18.8x	17.1x	23.1x	20.8x	18.6x	5.8x	5.4x	5.0x
Schloss Wachenheim	6.2x	5.9x	5.8x	8.7x	8.3x	8.0x	0.6x	0.6x	0.6x
Stock Spirits Group	8.5x	7.9x	7.6x	10.1x	9.4x	8.9x	1.8x	1.7x	1.6x
Diageo	21.1x	19.4x	18.3x	23.1x	21.2x	19.9x	7.4x	6.9x	6.5x
Average	**13.4x**	**12.5x**	**11.7x**	**16.6x**	**15.4x**	**14.4x**	**3.1x**	**2.9x**	**2.8x**
Median	**10.4x**	**10.0x**	**9.9x**	**14.5x**	**13.2x**	**12.9x**	**1.8x**	**1.7x**	**1.7x**

		EBITDA			**EBIT**			**Sales**		
in EURm (EPS in EUR) :uro, außer EPS (in Euro)		**2019E**	**2020E**	**2021E**	**2019E**	**2020E**	**2021E**	**2019E**	**2020E**	**2021E**
Berentzen-Gruppe AG: Financial estimates by FMR		16.7	17.5	18.2	9.6	9.8	10.0	169.0	175.3	181.5
Applied multiples: Peer group median		7.2	6.9	6.3	11.6	10.6	9.7	0.8	0.8	0.8
Enterprise value (derived)		**120.6**	**119.7**	**115.0**	**111.5**	**104.5**	**96.8**	**131.0**	**134.1**	**136.4**
- Financial net debt & minority interests*	-11.1									
Market capitalisation (derived)		**109.5**	**108.6**	**103.9**	**100.4**	**93.4**	**85.7**	**119.9**	**123.1**	**125.3**
Premium (discount) vs. peer group										
Market capitalisation (derived)	**107.7**									
Premium (discount) vs. Peer Group	0%									
Fair market capitalisation	**107.7**									
Number of shares (m)	9.4									
Fair value per share (EUR)	**11.47**									

Source: FMR, FactSet

Peer group comparison leads to a fair value of EUR 11.47 per share

For Altia and Schloss Wachenheim, we calculate the average of the multipliers and derive values for the market capitalisation of the Berentzen Group ranging from EUR 85.7m to EUR 125.3m. The peer group comparison, broken down by individual shares, shows a valuation range of EUR 13.34 per share (EV/sales 2021e) and EUR 9.12 per share (EV/EBIT 2021e). Our peer group comparison leads to a fair market value of EUR 107.7m and a fair value of EUR 11.47 per Berentzen share.

Company Profile - Overview

History of the

The Berentzen Group, headquartered in Haselünne (Lower Saxony, Emsland), can now look back on over 250 years of company history. The traditional company is one of the oldest producers of spirits in Germany. The roots of the company lie in the grain distillery, which also played a major role in the development of the "Berentzen" brand. For around 200 years, the company was exclusively engaged in the development, production and sale of grain brandy.

The roots of the company lie in the grain distillery

With the foundation of Emsland-Getränke in 1958, business activities were successfully expanded to include non-alcoholic soft drinks. Besides its own well operations and the associated distribution of mineral water, the Emsland-Gebränke also took over the concession business, which concentrated on the filling and distribution of Pepsi-Cola products. The non-alcoholic beverages segment is now managed by Vivaris Getränke GmbH & Co. KG, in which the former Emsland-Getränke was merged. Vivaris' core competence is the production and distribution of mineral waters, soft drinks, cola, energy and mate beverages under established brands and under the concession brand Sinalco.

Expansion of business activities to include non-alcoholic beverages in 1958

Since 2014, the company has also been developing and selling fresh juice systems via its Austrian subsidiary Citrocasa GmbH. Under the "Citrocasa" brand, high-quality fruit presses, untreated juice oranges and special filling containers from a single source are offered on national and international markets.

Fresh Juice Systems Segment

Over the course of the company's history, the Berentzen Group has also succeeded in growing abroad. In 1978, neighboring countries such as Denmark, Austria and Switzerland were opened up for operations, before entering the US market in 1981. Further foreign markets (Czech Republic, USA, China, India, Turkey) followed, whereby the international business activity was strongly reduced in the past years. In fiscal 2017, management decided to deconsolidate 4 foreign subsidiaries (Czech Republic, USA, China and India).

Internationalisation

The organic growth of the company was also accompanied by further mergers and acquisitions, through which the product range and brand portfolio were constantly expanded. In 1988 Berentzen merged with the wine distillery Pabst & Richarz to become the second largest German spirits producer. Two years later, the Puschkin Vodka brand was taken over and successfully revitalised by König & Schlichte. The inorganic growth continued in 1992 with the takeover of Doornkaat AG, which at the time was one of the best-known grain brands. In 1995, the Berentzen Group achieved final market leadership in grain spirits with the takeover of the Strothmann distilleries. Further acquisitions took place in 1996 (Brandenburgische Mineralquelle) and 1998 (Dethleffsen).

Inorganic growth plays a decisive role in shaping corporate profile

Corporate structure

Essential overarching tasks are bundled and controlled centrally

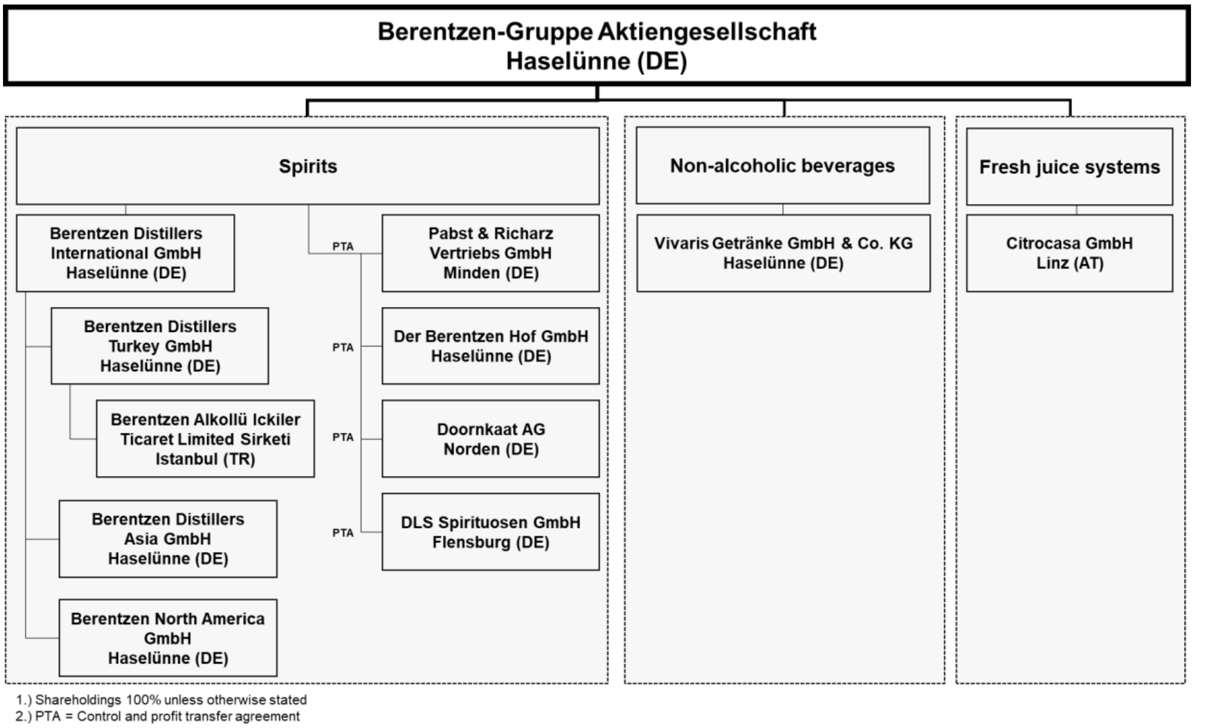
Essential overarching tasks for the domestic subsidiaries (to a lesser extent also for Citrocasa GmbH) are bundled and managed centrally at the Group headquarters in Haselünne (Lower Saxony). For example, this includes the definition of corporate strategy, corporate and capital market communication or the monitoring of financial, legal and tax matters.

Production and filling plants are located in the north of Germany

The Berentzen Group produces its spirits in Germany at the Minden site and only a small proportion at the Berentzen Hof distillery in Haselünne (micro-distillery for premium products). Non-alcoholic beverages are produced in Haselünne and Grüneberg with almost the same production capacities. The company's mineral springs are also located at the Haselünne and Grüneberg sites.

The bottling plants are spread over three locations. While Haselünne provides five filling plants with a capacity of 65m litres, Grüneberg offers four further filling plants with a capacity of 104m litres. The Minden production site (production capacity approx. 300m liters) has a capacity of six filling plants. The Berentzen Group's spirits logistics centre is located in Stadthagen, 28 kilometres away.

Berentzen Group Structure (Scope of Consolidation Consolidated Financial Statements IFRS)



1.) Shareholdings 100% unless otherwise stated
2.) PTA = Control and profit transfer agreement

Source: Berentzen Group, FMR

More than 20 other national and international subsidiaries

Besides the locations, subsidiaries and sales companies shown in the chart above, the Berentzen Group has direct and indirect interests in more than 20 further national and international subsidiaries, most of which are not engaged in operating activities (there are no minority interests, so that each company holds 100% of the shares).

Business divisions & brand portfolio

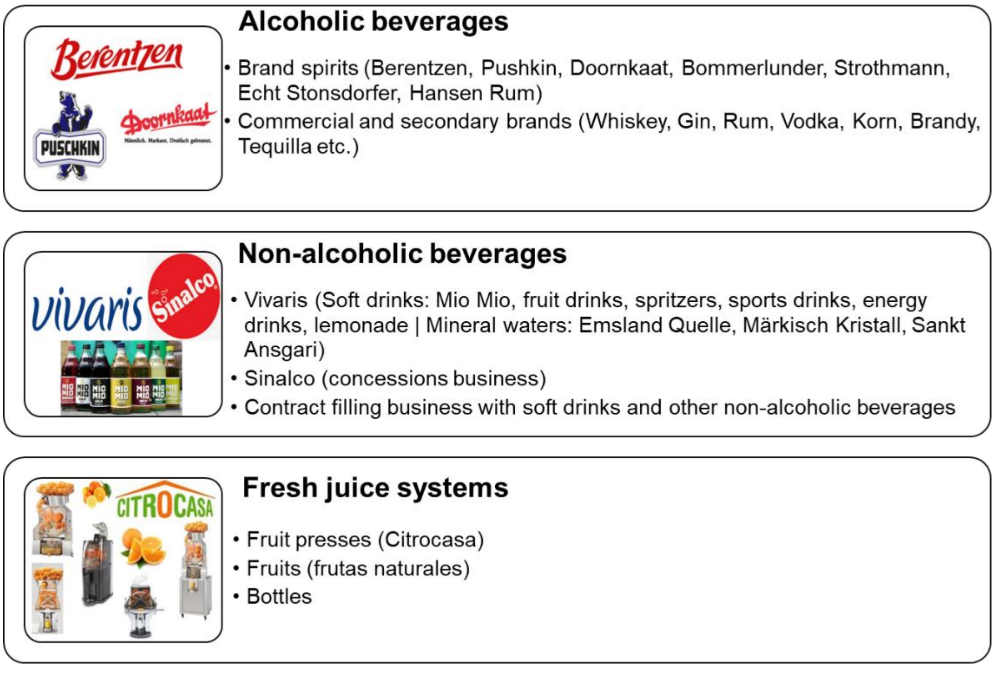
The Berentzen Group brands are assigned to the three business divisions Spirits, Non-Alcoholic Beverages and Fresh Juice Systems. In the diagram below, the spirits division is divided into branded spirits and commercial and secondary brands. In branded spirits, the strategic core brands are Berentzen (fruit spirits in various flavours (apple, wild cherry, passion fruit etc.) with an alcohol content between 15% and 20% vol.) and Puschkin (vodka & vodka varieties). The brand spirits are sold at home and abroad.

Berentzen and Pushkin are core brands of the Spirits Business Area

The trade and secondary brands, the development and distribution of which is managed by the subsidiary Pabst & Richarz, are also sold at home and abroad. The spirits sold primarily through international food retailers and trading partners are only formally different, i.e. in terms of brand exploitation rights. These categories are identical with regard to product appearance and formulation and development competence.

Product expansion through trade and secondary brands

Berentzen Group - Brand portfolio



Source: Berentzen Group, FMR

Unlike spirits, non-alcoholic beverages are mainly sold on the German beverage market. The production and distribution of mineral waters, soft drinks, cola, energy and mate beverages under established own brands and under the concession brand Sinalco is controlled by the Group company Vivaris Getränke GmbH & Co. KG. The most dynamically developing product family in the non-alcoholic beverages segment is beverages sold under the Mio Mio brand. Around 25m bottles were sold in the past fiscal year 2018.

Group company Vivaris Getränke GmbH & Co KG controls non-alcoholic beverages segment

The global business activities in the Fresh Juice Systems division are controlled by the Austrian subsidiary Citrocasa GmbH. While technical innovations in the processing of oranges are important for the fruit presses offered, the focus in the fruit segment is on the challenges associated with orange logistics.

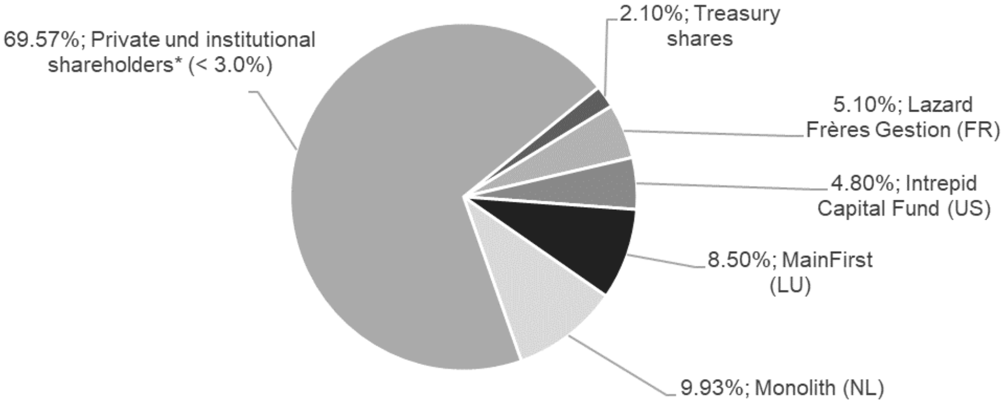
Fresh Juice Systems: global business activities

Shareholder structure

The Berentzen Group share is listed on the Regulated Market (General Standard) of the Frankfurt Stock Exchange. As shown in the chart below, the company owns 2.1% (206,309 shares) of the outstanding shares. A further almost 42.5% of the issued shares are held by institutional investors, with only the four largest individual positions with a share of at least 5% being transferred in the chart below. On this basis, a free float of around 69.6% is calculated taking own shares into account.

Free float: 69.6%.

Berentzen Group - Shareholder structure (as at 31.07.2019)



* > 3.0% Pursuant to Notification of Major Holdings, according to Articles 21, 22 (old version) and Articles 33, 34 (new version) of the WpHG (the German Securities Trading Act)

Source: Berentzen Group; FMR.

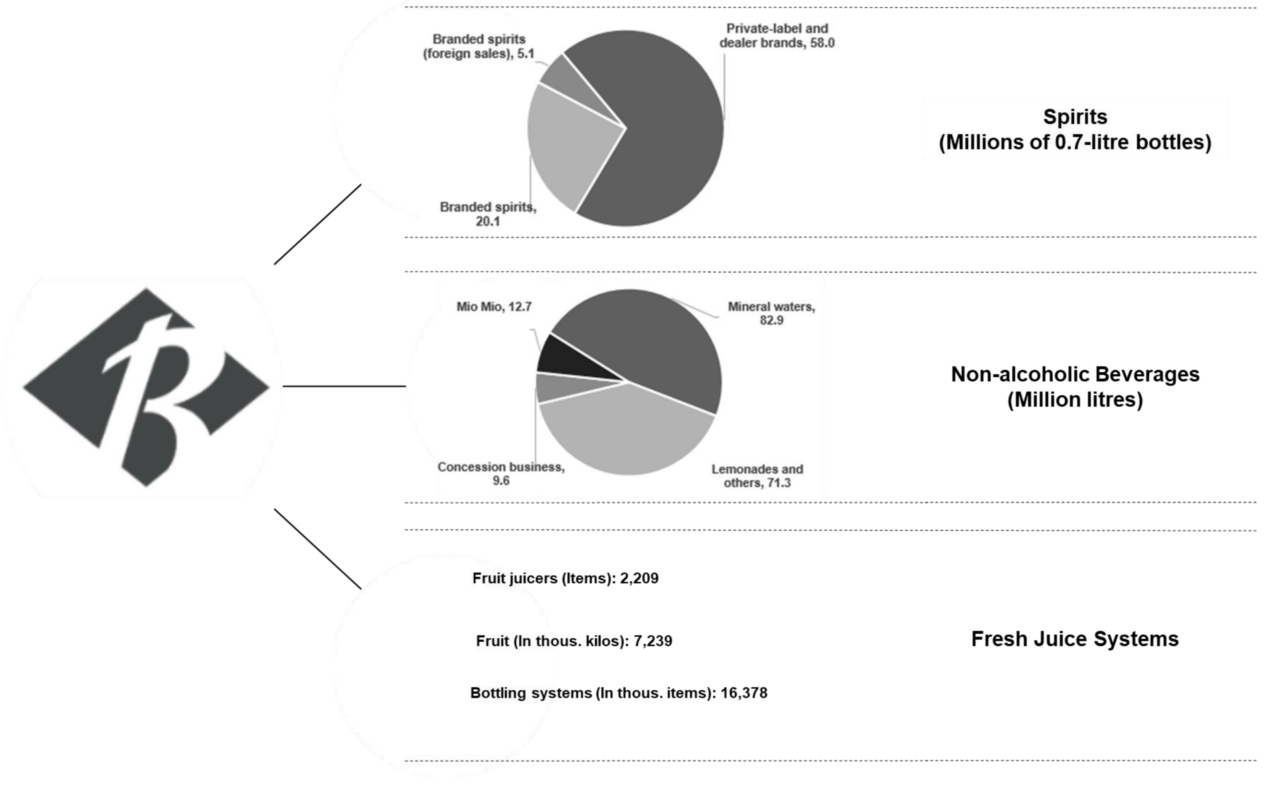
Business model

Manufacturing operations

Operationally, the Berentzen Group focuses on the development, production and sale of alcoholic and non-alcoholic beverages and fresh juice systems. As a result, business activities are divided into the segments spirits, non-alcoholic beverages and fresh juice systems, with the spirits segment representing the largest segment or core segment and representing the origins of the company. The sub-category 'Other segments' includes the international business with branded spirits as well as the tourism and event activities of the Berentzen Group.

Spirits represent the core segment of the Berentzen Group

Sales by segment in fiscal year 2018



Source: Berentzen Group; FMR

The Berentzen Group produces its spirits in Germany at the Minden site and at the Berentzen Hof distillery in Haselünne. The Minden site is the largest production site and also the competence centre for the spirits segment in the Berentzen Group. In fiscal 2018, 83.2m 0.7-liter bottles of spirits in a wide variety of variants were produced and filled on a total of six production and filling lines in the production halls. The products are then transported to the logistics centre in Stadthagen, approx. 30 km away, where they are temporarily stored before being delivered to Germany and abroad by external forwarding companies.

Minden: largest production site and competence centre for spirits

Non-alcoholic beverages are produced not only in Haselünne but also in Grüneberg. In the past 2018 financial year, the Berentzen Group produced and filled a total of 176.5m litres of non-alcoholic beverages on a total of seven production and filling lines (four production and filling lines in Haselünne; three production and filling lines in Grüneberg). The non-alcoholic beverages are then picked up by the customers at the individual production sites or delivered to them via logistics service providers.

Seven production and filling lines for the production of non-alcoholic beverages

In the Fresh Juice Systems division, the subsidiary Citrocasa GmbH develops and markets the machine, orange and bottle product categories belonging to the fresh juice system under the Citrocasa brand. The operating business in the Fresh Juice Systems segment is operated and controlled from the Linz location in Austria. Development activities relate in particular to fruit presses, part of which is produced by an external exclusive supplier. Final assembly activities and individual equipment are carried out by the company at the Linz location. In the case of the filling containers, which are specially adapted to the individual fruit presses, external service providers take over production.

Citrocasa:

Machine - Orange - Bottle

The cultivation of 'frutas naturales' brand oranges, which have a particularly high juice content and, unlike many commercially available oranges, remain untreated after harvesting, is also carried out by external service providers. Through a broad network of orange suppliers, whose products are continuously monitored and logistically controlled by Citrocasa, Citrocasa guarantees its customers a supply of high orange quality 365 days a year. According to the company, customers from the DACH region in particular use the complete range of fruit presses, oranges and filling containers, whereas customers in other countries are primarily supplied with fruit presses and filling containers.

Supply of high orange quality 365 days a year

Procurement

The Berentzen Group follows a multi-supplier strategy in the procurement of raw materials, glass bottles and other packaging required for production. The purchased input products for spirits and non-alcoholic beverages range from alcohols (e.g. cereal, agricultural alcohols, whiskey, rum and tequila), fruits, flavorings (raw materials and flavors), sugar and packaging (principally glass and cardboard) through to other materials for product decoration. As already mentioned, the Berentzen Group uses various external suppliers in the fresh juice systems segment.

Multi-supplier strategy in purchasing

The company's multi-supplier strategy reduces its dependence on individual suppliers, which is advantageous in terms of quality and cost as well as security of supply. In other words, at least two suppliers are available for each raw material or intermediate product. The supplier portfolio includes large international companies as well as small, regionally positioned companies. Both types of supplier are used opportunistically by the company. While price advantages can usually be realized through the supply of large suppliers, the security of supply can usually be guaranteed at short notice through the use of small, regionally established suppliers in the event of delivery failures. The opportunistic selection of suppliers

Price advantages arise mostly from the use of large, internationally positioned suppliers.

is limited by the regulatory requirements in connection with the production of foodstuffs (quality standards).

Products

Spirituous beverages

Realizing demand potential through product differentiation

The Berentzen Group is constantly developing new flavours and recipes in order to produce beverages according to consumers' tastes. In fiscal 2018, EUR 1.7m was spent on research and development and quality assurance (2017: EUR 1.5m). The aim was and is to generate a large number of product ideas on the basis of trend analyses and various event scenarios (e.g. World Cup 2018), incorporating customer feedback.

This involves developing product variations on the basis of existing products and brands that will open up new customer groups and consolidate existing ones. For example, in spring 2018 the "Fruity Spirits" product line under the Berentzen brand was expanded to include the "Herbe Orange" variety. In the current 2019 financial year in particular, product portfolio expansions in the individual segments should help to realise further demand potential, both at home and abroad, through product and price differentiation.

Spirits - Existing products and product enhancements

Source: Berentzen Group; FMR

Product extensions Berentzen

In the upper graphic the existing products of the spirits segment can be seen on the left-hand side (apple grain, vodka, gin, etc.). The product expansions on the right-hand side of the screen are designed to tap further sales potential in the current financial year. A premium fruit liqueur based on fruit brandy has been available under the name Berentzen-Signature in the apple, pear and plum varieties since April 2019. Customers aged 30 and over are the target group. In Q1 of the current fiscal year, the "Fruity Spirits" product line was also expanded under the Berentzen brand to include Mango Vanilla

Product enhancements Pushkin

Portfolio expansions also took place for the second core brand. After Pushkin vodka variants, in particular the Nuts & Nougat flavour, were already very successful on the market in 2018, the White Choco Coco flavour variant also followed in Q1 2019. At the same time, three variants of a canned vodka mix were placed on the market under the Pushkin brand with the aim of taking account of the current trend towards ready-to-drink concepts.

Product extensions outside the core brands

In the spirits segment, Berentzen is also working on the further development of the existing product range as well as on the creation of new products in line with market and demand factors outside the two core brands Berentzen and Puschkin. In addition to a premium rum, the "Norden Dry Gin" product was launched under the Doornkaat brand to counter the gin trend with its own product range.

Innovative value-added retail brand concepts ensure exclusivity and enable competitive differentiation

In the sub-category of commercial and secondary brands in the spirits segment, it is not only customer-specific preferences relating to final consumers that play a role in product development and design, but also those of intermediate retailers and wholesalers. In addition to an adequate price-performance ratio for the second brands, in particular in the case of private labels, the ability to link the spirits offered with value-added private label concepts is increasingly decisive for economic and sales success. The objective in the development, manufacture and distribution of private labels is to create private labels that guarantee exclusivity and at the same time differentiate retailers and wholesalers from the competition. The company says that the combination of filling product, bottle and design is usually important to the customer. The fact that the Berentzen Group has positioned itself solidly in this area is demonstrated by the sales successes achieved in 2018 (high-quality gin "Ruby of Rangoon" makes it into the top 10 of the best-selling gin offers in Germany after marketing launch; Quelle: Nielsen Market Research 2018). The fact that Pabst & Richarz was awarded the Bundesehrenpreis für Spirituosen in Gold by the Federal Ministry of Food and Agriculture in 2018 underscores the fact that the brand concepts developed not only take economic interests into account, but that they are also implemented in compliance with the highest quality standards.

Non-alcoholic beverages

Company brands for different product groups

In the non-alcoholic beverages segment, the existing product groups include mineral waters, soft drinks, cola, energy and maté beverages in various varieties. These product groups are sold under company-owned and product group-specific brands. One exception is the beverages produced by the Berentzen Group as a licensee in the concession business at the Haselünne and Grüneberg production sites and sold in the Vivaris core market under the Sinalco brand in various product variants. Furthermore, contract fillings of mineral waters and soft drinks are carried out on behalf of third parties.

Success through product differentiation strategies

As in the case of spirits, the Berentzen Group is also pursuing a product differentiation strategy in the non-alcoholic beverage segment in order to develop additional customer groups.

The implementation of this product differentiation strategy at the Berentzen Group can be seen in the product launches that will be implemented in the current 2019 financial year. In the non-alcoholic beverages segment, the most successful product line, "Mio Mio", was expanded by two variants (Guarana Pomegranate and Lapacho Lemongrass) so that customers can now choose from seven stimulating beverages with different flavours. Some 25mmm bottles were sold nationwide in 2018, representing an increase of 37.8% over the previous year.

Mio Mio product group to be expanded by two variants

Another flavour variant (vivaris Sport Pink Grapefruit) was added to the sports drink vivaris Sport Grapefruit-Zitrone, which ranks among the top 10 sports drinks in Germany (source: Nielsen market research data).

Non-alcoholic beverages - Existing products and product enhancements

Source: Berentzen Group; FMR

In addition to the expansion of existing product groups, the introduction of a new brand or product group is also planned for mid-2019. With the 7-herb limo "Kräuterbraut" the company will appeal to buyers who value a low-sugar and vegan diet. With three flavours, the product "Kräuterbraut" or the specially created brand for natural refreshment based on herbs will stand.

Herb bride: Low-sugar drink in three flavours

In the case of mineral waters, the company already started last year to rethink the brand image for Emsland Quelle and to focus more strongly on the themes of quality, regionality, ecology and sustainability.

Fresh juice systems

In contrast to spirits and alcoholic beverages, the three product groups within the fresh juice systems segment have different innovation potentials. While the Berentzen Group supplements the existing product groups in the spirits and non-

Innovation focus on machine technology and logistics

alcoholic beverages segment with variations of existing products and/or includes completely new branded beverages in its product range, new products in the fresh juice systems segment relate primarily to technical and logistical innovations.

Fresh Juice Systems - Existing Products

Source: Berentzen Group; FMR

On the one hand, the company aims to achieve greater automation, better machine handling and simplified fruit press maintenance through technical innovations in Firstly, the company aims to achieve greater automation, better machine handling and easier maintenance of fruit presses through technical innovations in fruit presses. Secondly, the company is striving to increase the availability of untreated oranges to such an extent that attractive offers can be made to customers that are affordable and guarantee a correspondingly high level of supply security.

Moreover, technical innovations in the fruit presses require appropriate adjustments to the filling containers, which ensure the filling and storage of the freshly squeezed oranges for all those customers who do not want to consume the fresh juice immediately.

Besides premium fruit presses...

With its fresh juice systems, the Berentzen Group meets the demand for fresh and natural foods (oranges and pomegranates). As a premium system supplier selling its fresh juice systems under the "Citrocasa" brand, the fruit presses are delivered in particular to (organic) supermarkets, coffee houses, hotels/pensions and restaurants with a highly frequented self-service area.

...also low-priced devices for emerging markets

In 2018, the range of fruit presses was extended to include manual orange presses (Fantastic ECO, Citrocasa Starlight), which offer significant price advantages over highly automated fruit presses with medium/large output quantities.

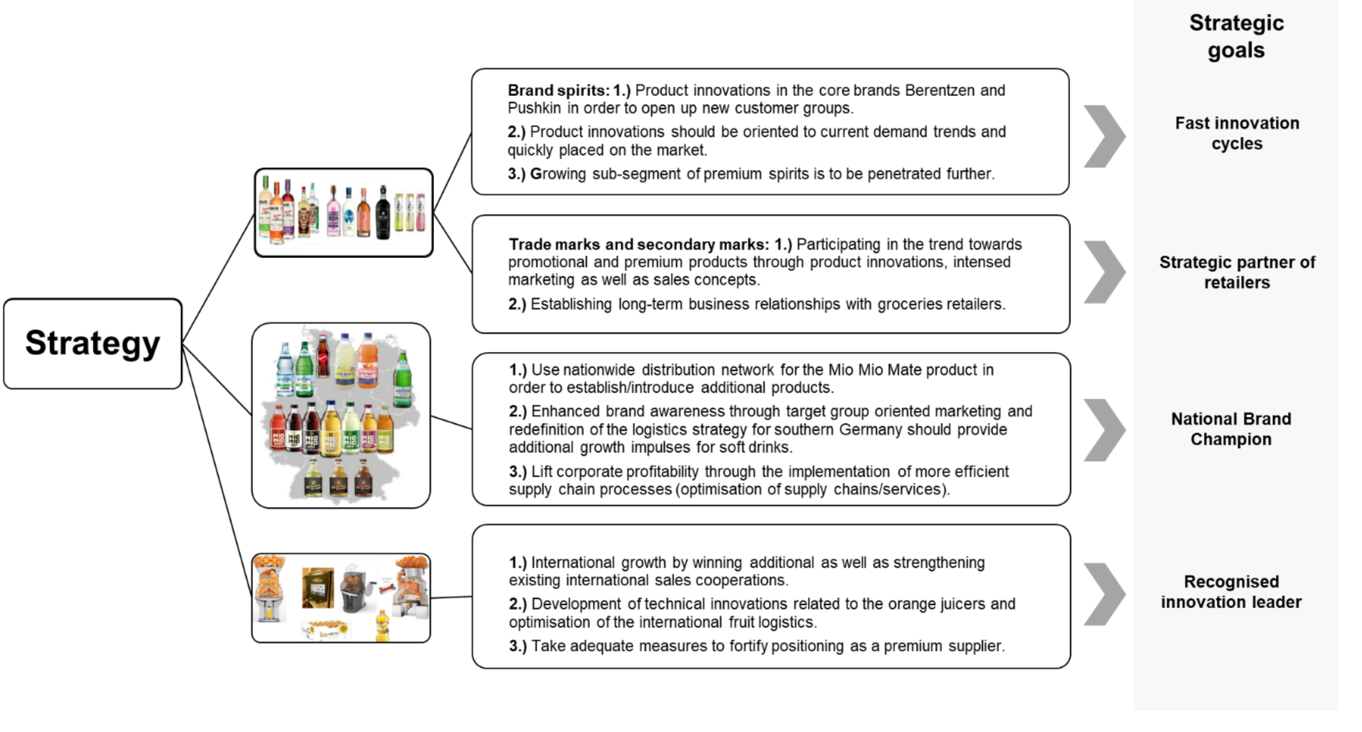
The company expects the manual presses, which were specially developed for emerging markets such as India and Latin America, to generate significant sales momentum in the current 2019 financial year.

Strategy

Liquors and non-alcoholic beverages cover a broad spectrum of products that are consumed or demanded by different customer groups on different occasions. In this market environment, the Berentzen Group aims to be perceived as a supplier of beverages for every occasion. The operational focus will be primarily on those product types that have the most promising growth prospects and the strongest value creation potential.

Berentzen supplies drinks for every occasion

Strategy by segments



Source: Berentzen Group; FMR

The graphic above shows the strategies for the individual operating segments of the Berentzen Group. The " Other segments " segment, which mainly comprises the foreign business with branded spirits, is not shown in the chart, as the strategy for this segment corresponds to the strategy for spirits. There is a significant difference in the fact that the products sold are neither commercial nor secondary brands, but own branded products such as Berentzen or Puschkin that are sold abroad via external sales partners.

Own branded products are sold abroad via external sales partners

Another important strategic component is the optimization of production and logistics processes with the aim of increasing efficiency and productivity, which will be reflected in cost reductions at all segment levels. This enables the company to differentiate itself from the competition not only through product innovations, but also through the implementation of price competition strategies.

Cost reductions support price competition strategies

Market environment

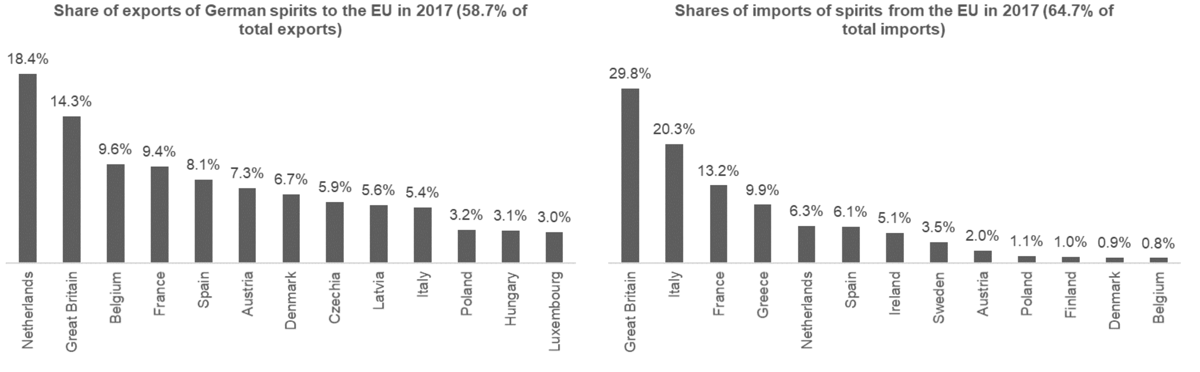
Spirits industry

Spirits industry abroad

Global sales of spirits amounted to USD 368bn in 2017 (4.4% compared to the previous year). In the same year, spirits accounted for 44% of global sales of alcoholic beverages. (Source: Statista Consumer Market Outlook 2018). Industry observers expect the global sales volume of spirits to grow by an average of 3.3% per year between 2017 and 2021e.

Spirits: Global average growth of 3.3% p.a. expected

German import and export quotas for spirits



Source: Bundesverband der Deutschen Spirituosen-Industrie und -Importeure e. V. (Federal Association of the German Spirits Industry and Importers) (BSI), FMR

In 2017, around 58.7% of total German spirits exports were exported to European countries (top left-hand graph). The main customer for German spirits in the same year was the Netherlands, to which 18.4% of all German spirits products were exported. 64.7% of total German spirits imports originate from other European countries (top right chart). With a share of 29.8%, Great Britain was the largest supplier of spirits.

German spirits industry

Within the European Union, Germany is the largest market for spirits. According to industry observers, 49 companies with a total of 2,953 employees produced 575.4m 0.7-litre bottles of spirits in 2017. The German Spirits Industry and Importers Association (Bundesverband der Deutschen Spirituosen-Industrie und -Importeure e. V.) (BSI) predicts that in the same year 291m bottles were exported abroad and around 471m bottles of spirits were imported from abroad. Per capita consumption of spirits in Germany has been between 5.4 and 5.5 litres per year for years. In the case of alcoholic beverages, beer consumption is at the top with 101.1 litres per capita consumption per year.

Spirits - Per capita consumption stable for years

Per capita consumption in Germany (in litres of finished product)

	2010	2011	2012	2013	2014	2015	2016	2017
Beer	107.4	109.3	107.3	106.6	106.6	105.9	104.1	101.1
Spirits	5.4	5.5	5.5	5.5	5.4	5.4	5.4	5.4
Wine	20.5	20.6	20.8	21.1	20.7	20.5	21.1	20.9
Sparkling wine	3.9	4.5	4.5	4	3.9	3.7	3.7	3.9

Source: Bundesverband der Deutschen Spirituosen-Industrie und -Importeure e. V. (Federal Association of the German Spirits Industry and Importers) (BSI), FMR

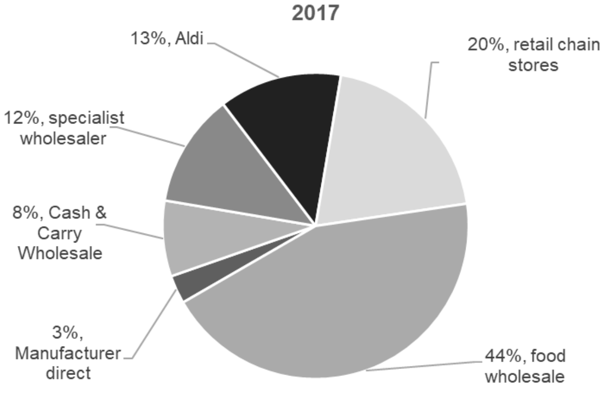
Shrinking market for spirits and intense competitive environment

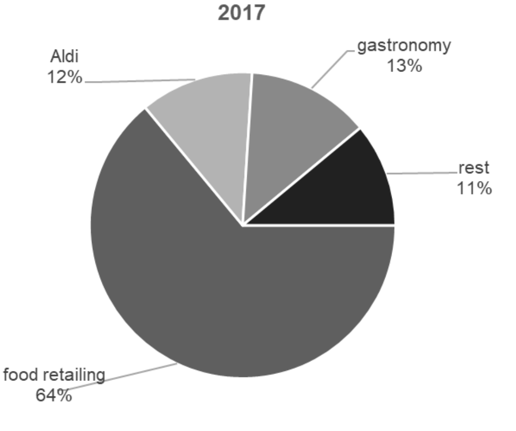
For the Berentzen Group, Germany is still the most important market for spirits. In 2018, the company sold around 82% of the total of 83.2m 0.7-litre bottles of spirits on the German spirits market. Nevertheless, the Berentzen Group recorded a -1.3% decline in sales volumes on its domestic market (2017: 69.2m 0.7-litre bottles). Parallel to this, total national sales of spirits also fell, although according to the market research institute Nielsen, they only fell by -0.57% to 572.1m 0.7-litre bottles in 2018 (2017: 575.4m 0.7-litre bottles).

Price increases despite weak demand and highly competitive market environment

While the decline in total national sales stands for weak demand for spirits, the disproportionate decline in sales volumes at the Berentzen Group indicates an intense competitive environment. Nevertheless, the market participants succeeded in pushing through price increases for the sold spirits, which could be attributed to the implementation of valuable marketing concepts and an increased focus on premium spirits. Although sales volumes on the German spirits market declined in 2018, total sales rose slightly from EUR 4.62bn in 2017 to EUR 4.67bn in 2018 (+1.1%). Industry observers expect a similar market development for the coming fiscal years 2019e-2021e with a flat to slightly declining sales development.

Sales of spirits in the various forms of trade (left graph) and sales intermediary structure





Source: Bundesverband der Deutschen Spirituosen-Industrie und -Importeure e. V. (Federal Association of the German Spirits Industry and Importers) (BSI), FMR

76% of spirits are sold to end customers through retailers

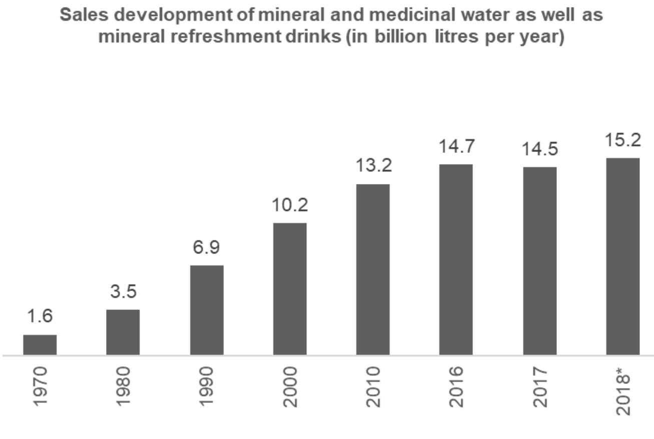
The wholesale and retail trade are the most important sales channels for spirits producers (previous page, left). In 2017, around 76% of spirits were supplied to retailers, who generally resell them directly to end consumers. Wholesalers sell 13% of spirits to end customers through restaurants and cafés (see chart on the right). Only 3% of the spirits sold in 2017 were sold directly by the spirits producers themselves.

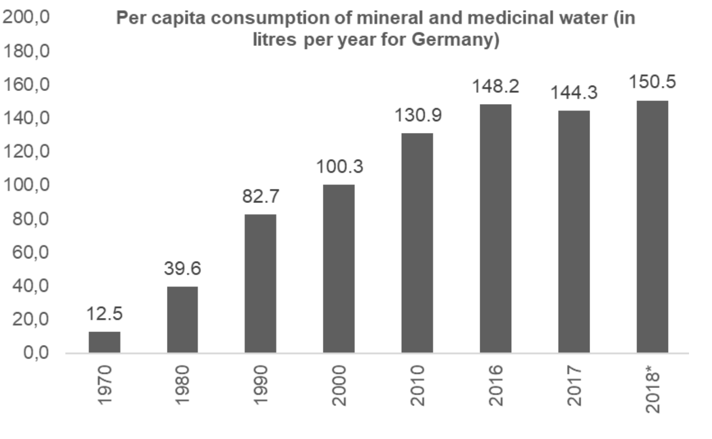
The market for non-alcoholic beverages

Mineral and healing waters as well as mineral spring soft drinks show higher growth than spirits

After a significant decline in the past year 2017 (-2.63%), the per capita consumption of mineral and medicinal waters in Germany has picked up again significantly and has even reached a new high. In 2018, every German citizen consumed around 150 litres of mineral and medicinal water (+4.3%; right chart below). The development of sales of mineral and medicinal water as well as mineral spring soft drinks was somewhat more dynamic with an increase of 4.8%. The above-average increase is primarily attributable to the pleasing development of mineral water soft drinks. About every fourth bottle set off from the wells is now a mixed mineral water drink such as spritzer, mineral water plus fruit or mineral water with aroma.

Total sales (left picture) and per capita consumption of mineral waters in Germany





*Source: Verband Deutscher Mineralbrunnen e. V. (Association of German Mineral Fountains). (*preliminary figures), January 2019; FMR*

Per capita consumption of mineral and medicinal waters develops positively compared to alcoholic beverages

Between 2010 and 2018, total sales of mineral and medicinal waters and per capita consumption rose by an average of 1.78% and 1.76%, respectively, per year. As described above, per capita consumption in all subcategories of alcoholic beverages developed sideways to negative (see table on page 20). The fact that the consumption of mineral and healing waters has increased in recent years can be attributed to various causes. The significant increase in consumption in 2018 was certainly due to the exceptionally hot summer, which led to a significant increase in demand not only for mineral and medicinal waters, but also for other soft drinks.

Per capita consumption of non-alcoholic beverages by beverage type

	2012	2013	2014	2015	2016	2017	2018*	CAGR (2012-2018)
Lemonades	82.9	83.5	79.4	78.9	77.9	75.5	82.3	**-0.1%**
Spritzers / water plus fruit drinks	7.6	7.5	7	7.9	7.8	7.9	7.6	**0.0%**
Water with aromas	7.4	6.8	6.2	5.3	5.3	5.6	5.7	**-4.3%**
Diet. Soft drinks	0.8	0.8	0.7	0.7	0.7	0.7	0.7	**-2.2%**
Enriched beverages and energy drinks	3.2	3.2	3.5	3.8	3.8	4.4	4.9	**7.4%**
soda pop and other soft drinks	5	4.8	4.1	4	4.1	4.1	4.6	**-1.4%**
Coffee and tea drinks	7.6	8	7.5	7.3	7.4	7.1	6.3	**-3.1%**
fruit juice drinks	10.9	11.3	11.2	10.9	10.7	10.5	11	**0.2%**
Erfrischungsgetränke (insgesamt)	**125.4**	**125.9**	**119.6**	**118.8**	**117.7**	**115.8**	**123.1**	**-0.3%**

* preliminary figures

Source: Wirtschaftsvereinigung Alkoholfreie Getränke e.V.; FMR (Economic Association for Non-Alcoholic Beverages)

Sub-segments such as soft drinks, enriched beverages and energy drinks, as well as showers and other soft drinks, recorded the strongest year-on-year increase, with per capita consumption in 2018 increasing by between 9% and 12% compared to the previous year. However, the subcategory "Enriched beverages and energy drinks" showed the most dynamic development, with per capita consumption increasing significantly between 2012 and 2018 with an average annual increase of +7.5% p.a..

In a comparison over several years, "enriched beverages and energy drinks" dominate

The international market for fresh juices

The worldwide demand for fresh fruit and vegetables has been showing a steady upward trend for years, which is expected to continue in the coming years. Oliver Wyman's market experts estimate that global demand for fruit and vegetables will more than double from EUR 2.1 trillion in 2015 to around EUR 4.8 trillion (source: Passport Euromonitor / Fruit Logistica Trend Report 2018 / Oliver Wyman).

Global demand for fruit and vegetables expected to more than double by 2030

This development should also benefit the demand for citrus fruits such as oranges, grapefruit, lemons and mandarins, which like the many other types of fruit and vegetables benefit from the trend towards healthy nutrition that has been going on for years. Increased nutritional awareness over time has also led to new and innovative distribution channels for the fruits consumed, making values and product characteristics such as freshness, organic and regional origin and traceability in the production process more transparent for end consumers.

Trend towards healthy nutrition and sustainable or organic production

The fact that the trend towards healthy nutrition is also reflected in economic figures is confirmed by a market study conducted by the Association of the Industry of Juices and Nectars from Fruits and Vegetables of the European Union (AIJN) in 2018, which shows that sales of smoothies (an American term for cold mixed drinks made from fruit and optionally dairy products that are freshly prepared or sold as finished products) in the most important European markets have recently been clearly positive. Sales growth in 2017 was 55.6% in France, 35.6% in Germany and 15.2% in Austria.

Dynamic sales development of freshly prepared fruit juice beverages in Europe

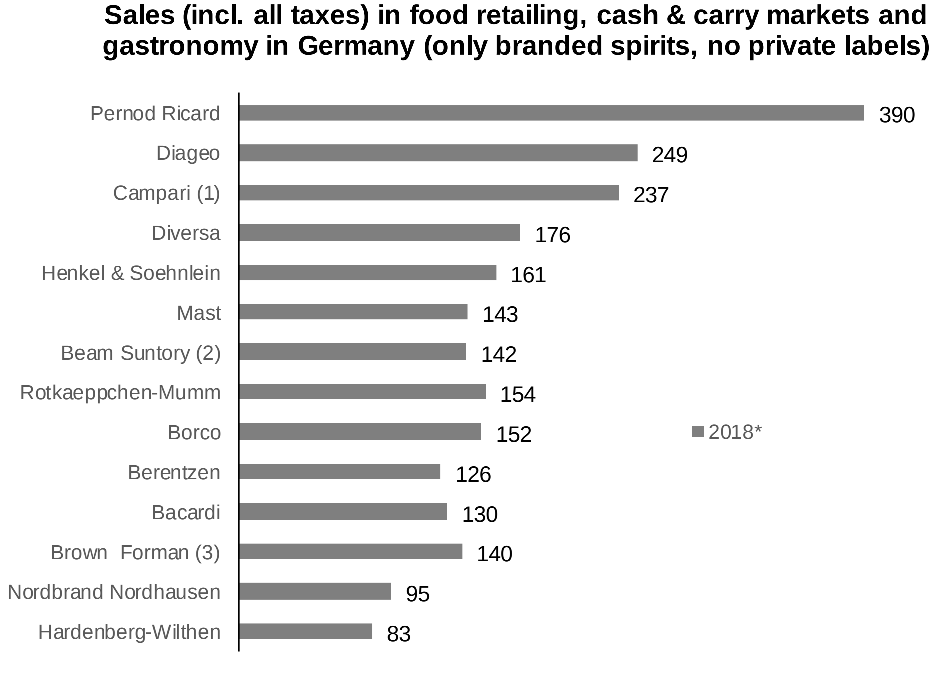
Competition

The Berentzen Group competes in the individual operating segments with a varying number of companies that differ from each other in terms of product ranges, size, degree of internationality and implemented competitive strategies. In principle, the beverages market is a highly competitive sector characterised by a wide variety of products and quality.

Competition through large marketing budgets and cost advantages based on economies of scale

Major international competitors such as Pernod Ricard (current market capitalisation: around EUR 42bn) are represented in the German spirits market with established and well-known brand spirits (Rum Havana Club, Whiskey Chivas Regal, Ramazotti, Vodka Absolut etc.). Large international companies usually have larger marketing budgets at their disposal to advertise their spirits. The cost advantages based on economies of scale can also be passed on to customers, which has an additional aggravating effect on the competitive environment.

Turnover of leading spirits producers and distributors (in EURm)



(1) In March 2016, Campari acquired the French orange liqueur producer Grand Marnier.
At the end of 2017, the cognac producer Bisquit Cognac was also acquired.
(2)) In April 2014, Suntory acquired the spirit company Beam Inc.
(3) In April 2016 Brown-Forman acquired the brands GlenDronach, BenRiach and Glenglassaugh.
* 2018 includes 1 up to 52nd calender week

Source: W&W Publishers Consultants, FMR

Consolidation trends in the German spirits market

Apart from Pernod Ricard, there are many other large and internationally active spirits manufacturers and distributors in Germany, which are illustrated in the graphic above. As the additional comments below the graph show, consolidation tendencies have been observed in the German spirits market in previous years, which has recently led to a significant increase in market concentration. In contrast to the sales volumes, the rising prices for spirits could be due not only to the brand

and product strategies already mentioned but also to the increasing concentration and the associated market power of the individual market participants.

Heterogeneous market participants and intense competitive environment

The competitive situation on the German market for non-alcoholic beverages is somewhat different, albeit no less intense, although there is a strong heterogeneity in the size of the market players. In addition to global players such as CCEP DE, which has its headquarters in Berlin and sells around 3.8 billion litres of Coca-Cola branded products in Germany, large national competitors such as Mitteldeutsche Erfrischungsgetränke GmbH & Co KG, Hansa-Heemann AG and the Schäff Group are also battling for market shares in Germany. In addition, there are regionally shaped medium-sized beverage companies and many small, locally rooted companies that are active in niches (source: Branchenanalyse Getränkeindustrie, October 2017, Hans Böckler Foundation).

Diversification of operating income

The German market for non-alcoholic beverages shows a less concentrated market structure than the spirits market and, if at all, only moderate consolidation tendencies. Similar to spirits, competition takes place primarily through the development of trend-setting and innovative products and quality. Price and volume competition strategies tend to be implemented more easily. In addition, the market experts of the Hans Böckler Foundation observe that the boundaries between mineral springs, soft drink producers, juice producers and breweries are becoming more and more "blurred". The aim of expanding the product range was and is to further diversify operating income.

The competitive strategies observed on the German market for non-alcoholic beverages can essentially be divided into four groups:

1. **Germany-wide brand strategy (e.g.: Coca-Cola, Nestlé, PepsiCo):** The focus of the strategy is the operational orientation towards one umbrella brand or a few core brands under which the product variants are distributed throughout Germany.

2. **Private label manufacturers: focus on volume business and cost leadership (e.g: Sinalco/Berentzen-Gruppe, MEG, Hansa-Heemann, Schäff-Gruppe:** Private label strategy with focus on mass business using aggressive price strategies (satisfactory margins are achieved through large sales volumes).

3. **Branded goods manufacturers: Focus on quality and region (e.g.: Hassia Group, Berentzen Group):** Classic medium-sized family companies that focus on the production of regional brands in the premium segment.

4. **Small businesses and start-ups: niche strategy with trend products (e.g. Mio/Berentzen Group, fritz cola, premium cola):** Consumer trends (organic, vegan, sustainable etc.) are taken up to position themselves in the niche with innovative soft drinks and cola drinks.

Financial ratios

Historical development

Profit and loss account

Between 2014 and 2018, the Company's revenues increased year by year as shown in the table below. The decrease in sales in 2017 is due to the first-time application of IFRS 15 in 2018. The key principle of IFRS 15 is that revenues must be recognized at the time when goods and services are transferred to customers in the amount of the consideration that the company can expect in return. Certain expenses for marketing and advertising were therefore recognized as a reduction in revenue (EUR 12.21m), which had previously been booked under other operating expenses. In addition, revenues now include a portion of income from recharges and cost reimbursements (EUR 445 thousand), which were previously subsumed under other operating income. As a result of the reclassifications, sales in 2017 fell by EUR 11.8m to EUR 160.4m.

EBIT and consolidated balance sheet not affected by application of IFRS 15

Berentzen-Gruppe AG - Profit and loss account

in EURm	IFRS	2014	2015	2016	2017	2018
Revenues		**153.4**	**158.5**	**170.0**	**160.4**	**162.2**
YoY growth		0.6%	3.4%	7.2%	-5.7%	1.1%
Total operating income		**156.1**	**159.0**	**172.7**	**162.4**	**163.6**
YoY growth		n.a.	-1.6%	7.9%	-5.6%	0.7%
Cost of materials		-84.8	-83.5	-91.7	-93.1	-91.9
as % of revenues		-55.3%	-52.7%	-53.9%	-58.0%	-56.7%
Gross profit		**71.3**	**75.6**	**81.1**	**69.3**	**71.7**
as % of revenues		46.5%	47.7%	47.7%	43.2%	44.2%
Personnel expenses		-20.7	-22.4	-23.9	-24.0	-24.6
as % of revenues		-13.5%	-14.1%	-14.1%	-15.0%	-15.2%
Other operating result		-32.6	-38.0	-39.6	-28.9	-30.6
as % of revenues		-28.2%	-27.2%	-25.9%	-21.0%	-21.8%
Adj. EBITDA		**12.6**	**15.7**	**17.5**	**16.4**	**17.3**
as % of revenues		8.2%	9.9%	10.3%	10.2%	10.7%
Adj. EBIT		**5.1**	**7.6**	**10.5**	**9.2**	**9.8**
as % of revenues		3.3%	4.8%	6.2%	5.8%	6.0%
Exceptional effects		5.5	0.0	-0.1	-0.4	-0.8
Financial result		-4.2	-4.0	-4.1	-3.6	-1.6
EBT (Earnings before income taxes)		**6.4**	**3.6**	**6.3**	**5.2**	**7.4**
as % of revenues		4.2%	2.2%	3.7%	3.3%	4.6%
Basic earnings per share (EUR)		**0,44***	**0.23**	**0.46**	**0.27**	**0.55**
Dividends per share (EUR)		**0,16***	**0.20**	**0.25**	**0.22**	**0.28**

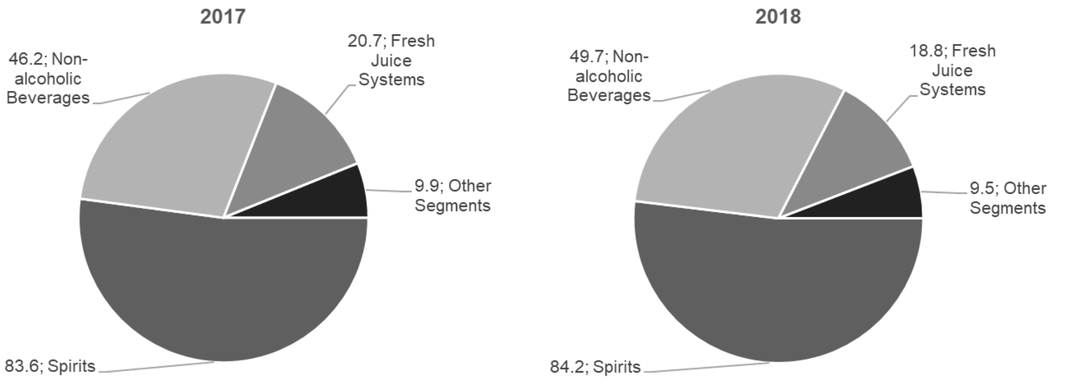
Source: Berentzen Group; FMR

About 52% of Group sales in 2018 were generated from the sale of spirits (EUR 84.2m), an increase of 0.75% over the previous year. The soft drinks segment also recorded an increase of 7.5% to EUR 49.7m, in particular due to the strong growth of the soft drink EURm. In the Fresh Juice Systems segment and in the other

Fresh juice systems and foreign sales of the core brands Berentzen and Pushkin with weak development in 2018

segments, which mainly reflect the foreign sales of branded spirits, sales declined by 9.4% and 3.6% respectively.

Sales by segment (in EURm)

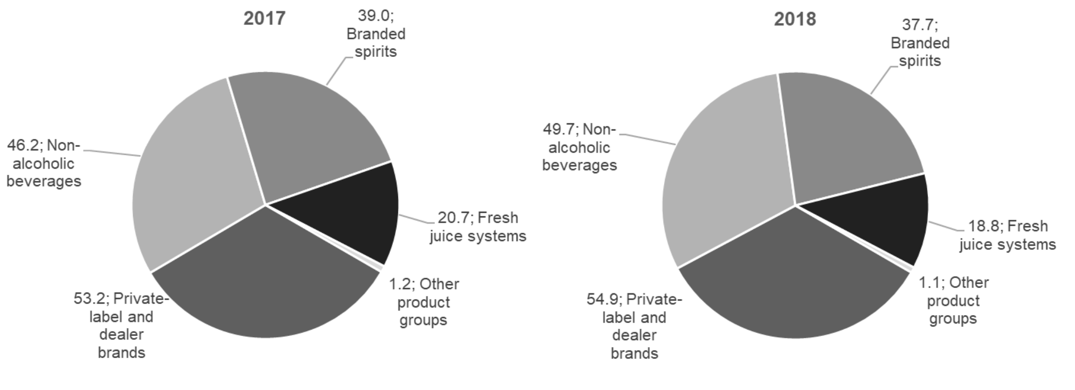


Source: Berentzen Group; FMR

Commercial and secondary brands: Development competence of brand spirits

The fact that brand spirits have not developed in line with management expectations is also shown by the breakdown of sales by product group shown in the chart below. Business with retail and secondary brands, which stand for the exclusive distribution of brand spirits developed specifically for food retailers, showed a clearly positive development.

Sales by product group (in Eurom)



Source: Berentzen Group; FMR

Focus on sales in Germany

In 2018, the Berentzen Group generated the lion's share of sales in Germany with EUR 126.9m (share of domestic sales in total sales: 78.3%). 32.8m of Group sales were generated within Europe (20.2%). Sales outside Europe amounted to EUR 2.5m in 2018.

Stable margin development - significant increase in pre-tax earnings

As shown in the table on the previous page, the company succeeded in maintaining the adjusted EBITDA/EBIT margin at the same high level between 2014 and 2016 despite intense competition. It was only in 2017 that a disproportionately high increase in depreciation (of property, plant and equipment) caused the adjusted EBIT margin to fall, which in 2018 approached the 2016 level again. Due to the lower financing costs and despite the burden on earnings in connection with the legal disputes in the USA (EUR -0.8m), EBT rose significantly by +14.2% to EUR 7.4m.

Regular dividend payments, even in less profitable financial years

In the past, the Group has regularly distributed dividends. The average payout ratio between 2014 and 2018 was 60%. In 2018, 51% of net income was distributed to shareholders.

Balance

Long- and medium-term assets amounted to EUR 59.4m in 2018

As at the end of 2018, fixed assets consisted mainly of property, plant and equipment (EUR 45.8m), representing around 32% of balance sheet assets. Tangible fixed assets consist of land and buildings (EUR 19.9m), machinery and equipment (EUR 17.5m) and plant and office equipment (EUR 7.8m). Including intangible assets, which include goodwill (EUR 6.1m), trademarks/customer relationships/technical know-how (EUR 5.3m) and licenses and other intangible assets (EUR 0.7m), non-current assets amounted to EUR 59.4m.

Assets

in EURm	IFRS	2015	2016	2017	2018
Assets					
Non-current assets		**61.0**	**60.3**	**60.3**	**59.4**
as % of total assets		33.7%	31.9%	42.1%	41.0%
Intangible assets		14.4	13.4	12.7	12.1
Property, plant and equipment		46.0	45.3	46.2	45.8
Investment property		0.0	0.8	0.8	0.7
Deferred tax assets		0.1	0.2	0.0	0.0
Other financial assets		0.6	0.7	0.7	0.8
Current assets		**119.9**	**128.9**	**83.1**	**85.5**
as % of total assets		66.3%	68.1%	57.9%	59.0%
Inventories		32.3	35.6	37.0	39.9
Trade receivables		12.4	14.9	13.8	16.4
Income tax assets		0.7	0.2	0.6	0.3
Cash and cash equivalents		63.1	67.7	19.4	15.8
Other current financial and non-financial assets		11.3	10.5	12.3	13.1
Total assets		**180.9**	**189.2**	**143.4**	**145.0**

Source: Berentzen Group; FMR

Inventories dominate current assets

The largest item within current assets at the end of 2018 was inventories (' 39.9m). This item contains equivalent values for raw materials, packaging and equipment materials processed in the production process as well as finished and unfinished products and merchandise. At EUR 15.8m, cash on hand at the end of 2018 was down on the previous year's figure of EUR 19.4m.

Increase in equity ratio

The equity of the company amounted to EUR 47.4m at the end of 2018 (see table on next page). Despite regular dividend payments, the equity ratio has risen continuously in recent financial years from 24.2% in 2015 to 32.7% in 2018. There were no increases in equity from capital measures during this period.

Repayment of bond shortens balance sheet and increases pre-tax result

Besides the sustained profitability of the operating business, the successful repayment of the corporate bond issued in 2012, which was repaid in full and on time in 2017, made a major contribution to the increase in equity. This is also the reason for the significant reduction in total assets, which fell from EUR 189.2m in 2016 to EUR 143.3m in 2017. The repayment of the bond also significantly reduced the Group's financing costs, which was clearly reflected in the net financial result of the past financial year and had a positive impact on the pre-tax result (see section Historical development - Income statement).

Liabilities

in EURm	IFRS	2015	2016	2017	2018
Shareholders´ equity and liabilities					
Shareholders´ equity		**43.8**	**45.2**	**44.6**	**47.4**
as % of total assets		24.2%	23.9%	31.1%	32.7%
Subscribed capital		24.6	24.4	24.4	24.4
Additional paid-in capital		6.8	6.8	6.8	6.8
Retained earning		12.4	14.0	13.3	16.2
Non-current provisions and liabilities		**63.8**	**13.6**	**20.0**	**19.0**
as % of total assets		35.3%	7.2%	13.9%	13.1%
Non-current provisions		12.0	11.7	11.0	9.9
Non-current financial liabilities		49.6	0.0	7.1	7.1
Deferred income tax liabilities		2.3	1.9	1.9	2.0
Current liabilities and provisions		**73.3**	**130.3**	**78.9**	**78.5**
as % of total assets		40.5%	68.9%	55.0%	54.2%
Alcohol tax liabilities		44.3	44.4	43.3	42.3
Current provisions		0.1	0.1	0.1	0.7
Income tax liabilities		0.6	1.0	2.1	2.8
Current financial liabilities		0.8	51.1	1.7	1.1
Trade payables and other liabilities		27.6	33.8	31.7	31.6
Total equity and liabilities		**180.9**	**189.2**	**143.4**	**145.0**

Source: Berentzen Group; FMR

Alcohol tax largest item within current liabilities

However, the majority of liabilities consist of current liabilities, which in addition to trade payables and other liabilities (EUR 31.7m) consist in particular of liabilities from alcohol tax (EUR 43.3m). This relates to the registered alcohol tax for the months of November and December 2018, which was paid to the tax office in the first quarter of the current financial year due to the Alcohol Tax Act. The sales figures in this research report are presented net of alcohol tax.

Cash flow statement

Cash flow from operating activities always positive

The table below shows that Berentzen Group has always generated positive cash flows from operating activities between 2015 and 2018. In 2015, the operating cash flow was above average at EUR 31.4m. This was due to the premature partial payment of alcohol tax liabilities of just under EUR 20m at the end of the 2014 financial year. In the subsequent years (2015-2018), such an early partial payment was not made, which had a correspondingly positive effect on cash and cash equivalents at the beginning of the 2015 financial year.

Cash flow statement

in EURm	IFRS	2015	2016	2017	2018
Cash flow from operating activities		31.4	12.3	4.1	5.6
Cash flow from investing activities		-6.5	-6.2	-7.8	-6.5
Free Cash Flow		**24.9**	**6.2**	**-3.7**	**-0.9**
Cash flow from financing activities		-2.7	-2.2	-45.0	-2.1
Total change in cath and cath equivalents		**22.2**	**3.9**	**-48.7**	**-3.0**
Cash and cash equivalents at the start of the period		41.0	63.1	67.1	18.4
Cash and cash equivalents at year´s end		**63.1**	**67.1**	**18.4**	**15.5**

Source: Berentzen Group; FMR

Regular investments in operational processes

As the table also shows, the company has regularly invested in fixed assets in the past, primarily in property, plant and equipment. Investments in intangible assets rose continuously from EUR 426 thousand in 2015 to EUR 753 thousand in 2018.

Free capital inflow 2017 & 2018 negative

The Berentzen Group invested an average of EUR 6.7m per year between 2015 and 2018. Besides the modernization of the manufacturing facilities (acquisition of a more powerful glass filler), Berentzen also invested in a new warehouse at the Haselünne site. In the same period, the company's free cash flow dropped continuously, reaching a low of EUR -3.6m in 2017. In the past fiscal year 2018, the free cash flow increased significantly compared to the previous year, even though it was again negative at EUR -0.9m.

Cash flow from financing activities indicates that no other capital measures took place between 2015 and 2018 apart from the issue of the bond in 2012 described above. The regular dividend payments are also reflected in the cash flow from financing activities.

Including current account overdrafts from banks amounting to around EUR 300 thousand, the cash position at the end of 2018 was EUR 15.8m (see Historical Development - Balance Sheet Assets).

Estimates

Profit and loss account

The Berentzen Group expects consolidated revenues of between EUR 164.7 and 173.4m for 2019 (2018: EUR 162.2m), adjusted consolidated EBIT of between EUR 9 and 10m (2018: EUR 9.8m) as well as adjusted consolidated EBITDA of between EUR 17 and 18.8m (2018: EUR 17.3m). Whereas the Group achieved the profit targets it had set itself in the past 2018 financial year, Group sales developed worse than expected. The Berentzen Group even narrowly missed the forecast sales range between EUR 162.8 and 171.2m, which had been adjusted downwards in Q2/18.

Fresh juice systems and non-alcoholic beverages failed to meet expectations

This unexpected revenue development was due not only to weak sales of fruit presses in the Fresh Juice Systems segment, but also to poorer-than-expected sales of non-alcoholic beverages, which grew most strongly at segment level with 7.5%. Whereas sales of fruit presses failed to meet expectations due to the challenging market and distribution situation in the important French and US markets, the planned expansion of the distribution network in southern Germany in the non-alcoholic beverages segment did not go according to plan either.

Fresh Juice Systems and Non-Alcoholic Beverages Start the Current Financial Year with Strong Growth

However, the H1/19 figures published on 13 August (see table below) show that sales in the fresh juice segment (EUR 9.9m; +5.3%) are once again growing significantly. In the non-alcoholic beverages segment, too, half-year sales were significantly higher than in the same period of the previous year. Cross-product price increases, which were already implemented in Q2/18 and are only now gradually being reflected in sales, stimulated quarterly sales in this segment, as did the rising sales volumes of the fastest growing branded product, Mio Mio. Management also expects the Mio Mio product family to generate strong growth impulses in the coming years, in particular from nationwide sales in Germany, which to date have primarily taken place in northern and central Germany. Mio sales increased by 61% in 2016, 50% in 2017 and 37.8% in the past fiscal year 2018.

H1 financial ratios for the years 2017,2018 and 2019

	H1/2017	Share	H1/2018	Share	Change	H1/2019	Share	Change
Revenues	80.0		78.4		*(2.0%)*	79.2		*1.0%*
Spirit segment	41.9	*52.4%*	40.7	*51.9%*	*-2.9%*	39.8	*50.3%*	*-2.2%*
Non-alcoholic Beverages segment	23.5	*29.4%*	24.1	*30.7%*	*2.6%*	25.3	*31.9%*	*5.0%*
Fresh Juice System segment	10.6	*13.3%*	9.4	*12.0%*	*(11.3%)*	9.9	*12.5%*	*5.3%*
Other segment	4.1	*5.1%*	4.2	*5.4%*	*2.4%*	4.3	*5.4%*	*2.4%*
EBITDA	7.6		8.2		*7.9%*	9.0		*9.8%*
EBITDA margin (in %)	9.5		10.4		*9.5%*	11.4		*9.6%*
EBIT	4.1		4.6		*12.2%*	5.0		*8.7%*
EBIT margin (in %)	5.2		5.8		*11.5%*	6.3		*8.6%*

Source: Berentzen Group; FMR

A multi-year comparison of H1 sales (see table below) also shows that, for the first time in two years, the Berentzen Group has again succeeded in showing sales growth in a half-year comparison. In addition, the multi-year comparison shows that the operating margins were continuously expanded. The Berentzen Group succeeded in expanding both the EBITDA and EBIT margins between H1/16 and H1/19 by an average of 9% per year.

H1 Key Financial Figures - Multi-year Comparison

	H1/16	Contribution 2016	H1/17	Contribution 2017	H1/18	Contribution 2018	H1/19	Expected contribution 2019e
Revenues	**82.0**	**48.2%**	**80.0**	**49.9%**	**78.4**	**48.3%**	**79.2**	**46.86%**
YoY in %	0.0%	0.0%	-2.4%	0.0%	-2.0%	0.0%	1.1%	
Adj. EBITDA	**7.2**	**41.1%**	**7.6**	**46.3%**	**8.2**	**47.3%**	**9.0**	**53.86%**
as % of revenues	8.8%	0.0%	9.5%	0.0%	10.5%	0.0%	11.4%	
Adj. EBIT	**4.0**	**38.0%**	**4.1**	**44.5%**	**4.6**	**46.9%**	**5.0**	**51.93%**
as % of revenues	4.9%	0.0%	5.1%	0.0%	5.9%	0.0%	6.3%	

Source: Berentzen Group; FMR

Revenues rise to EUR 181.5m by 2021e

Based on the solid H1/19 financial figures, we expect sales of EUR 169m in 2019e, which corresponds to sales growth of 4.2%. For 2020e and 2021e, we forecast growth rates of 3.8% and 3.5%, respectively, implying revenues of EUR 181.5m in 2021e.

Many growth impulses support 2019 forecast

Berentzen Signature, a brand new premium fruit liqueur based on fruit brandy that will be available on the market in April, is anticipating strong growth impulses in the current year 2019. Another factor contributing to growth is likely to be the implementation of additional new product concepts in the spirits segment, both for branded spirits and for retail and secondary brands. In the non-alcoholic beverages segment, the Mio Mio products were expanded by two varieties in January, so that additional customer groups are likely to be developed here as well. Another customer expansion would be the successful market launch of the branded product Kräuterbraut, a brand new herbal lemonade brand, which will commence delivery in May.

Fruit press sales should also show positive development in subsequent quarters

However, the measure announced in the 2018 Annual Report to revive sales of fruit juicers in the Fresh Juice Systems segment should also provide complementary growth impulses. On the one hand, this goal is to be achieved through innovative device types that distinguish themselves from the competition not only through digital connectivity but also through simple cleaning. On the other hand, with easy-to-operate mechanical fruit presses, which are significantly cheaper than the fully automatic versions, the management is also planning to open up countries that on the one hand have a relatively low purchasing power, but on the other also offer high growth potential. As already described, the company succeeded very well in boosting sales of fruit presses in the first quarter. However, the successful sales strategy should also be observable in the following quarters.

Estimates - income statement

in EURm	IFRS	2014	2015	2016	2017	2018	2019e	2020e	2021e
Revenues		**153.4**	**158.5**	**170.0**	**160.4**	**162.2**	**169.0**	**175.3**	**181.5**
YoY growth		0.6%	3.4%	7.2%	-5.7%	1.1%	4.2%	3.8%	3.5%
Total operating income		**156.1**	**159.0**	**172.7**	**162.4**	**163.6**	**169.8**	**176.2**	**182.4**
YoY growth		n.a.	-1.6%	7.9%	-5.6%	0.7%	3.7%	3.7%	3.4%
Cost of materials		-84.8	-83.5	-91.7	-93.1	-91.9	-95.2	-98.3	-101.3
as % of revenues		-55.3%	-52.7%	-53.9%	-58.0%	-56.7%	-56.3%	-56.1%	-55.8%
Gross profit		**71.3**	**75.6**	**81.1**	**69.3**	**71.7**	**74.6**	**77.9**	**81.1**
as % of revenues		46.5%	47.7%	47.7%	43.2%	44.2%	44.2%	44.4%	44.7%
Personnel expenses		-20.7	-22.4	-23.9	-24.0	-24.6	-25.5	-26.5	-27.6
as % of revenues		-13.5%	-14.1%	-14.1%	-15.0%	-15.2%	-15.1%	-15.1%	-15.2%
Other operating result		-32.6	-38.0	-39.6	-28.9	-30.6	-32.5	-33.9	-35.4
as % of revenues		-28.2%	-27.2%	-25.9%	-21.0%	-21.8%	-21.9%	-22.0%	-22.0%
Adj. EBITDA		**12.6**	**15.7**	**17.5**	**16.4**	**17.3**	**16.7**	**17.5**	**18.2**
as % of revenues		8.2%	9.9%	10.3%	10.2%	10.7%	9.9%	10.0%	10.0%
Adj. EBIT		**5.1**	**7.6**	**10.5**	**9.2**	**9.8**	**9.6**	**9.8**	**10.0**
as % of revenues		3.3%	4.8%	6.2%	5.8%	6.0%	5.7%	5.6%	5.5%
Exceptional effects		5.5	0.0	-0.1	-0.4	-0.8	0.0	0.0	0.0
Financial result		-4.2	-4.0	-4.1	-3.6	-1.6	-1.6	-1.6	-1.6
EBT (Earnings before income taxes)		**6.4**	**3.6**	**6.3**	**5.2**	**7.4**	**8.1**	**8.3**	**8.4**
as % of revenues		4.2%	2.2%	3.7%	3.3%	4.6%	4.8%	4.7%	4.6%
Basic earnings per share (EUR)		**0,44***	**0.23**	**0.46**	**0.27**	**0.55**	**0.60**	**0.61**	**0.63**
Dividends per share (EUR)		**0,16***	**0.20**	**0.25**	**0.22**	**0.28**	**0.30**	**0.31**	**0.31**

Source: Berentzen Group; FMR

Forecast cost of materials ratio declines slightly

In addition, we expect the forecast cost of materials to develop at a lower rate than sales. Behind this assumption is our expectation that the Berentzen Group will be able to pass on rising raw material prices to its customers through corresponding product price adjustments supported by price, premiumisation and innovation strategies, or that it will be able to absorb these costs by concluding forward contracts. However, an improved product mix should also have a positive impact on the Group's gross profit margin in the future, as material costs will rise at a slower rate. The cost of materials ratio fell in the forecast period from -56.2% in 2019e to -55.8% in 2021e. In absolute terms, the cost of materials increased from EUR 91.9m in 2018 to EUR 101.3m in 2012e, corresponding to a CAGR of 3.3%.

Forecasted personnel expense ratio rises slightly

According to our estimates, personnel expenses will develop slightly faster than sales, rising from EUR -24.6m in 2018 to EUR -27.6m in 2021e, corresponding to a CAGR of 3.9%. Our estimates therefore envisage a slight increase in the personnel cost ratio from -15.1% in 2019e to -15.2% in 2021e. These assumptions reflect the further development of national and international sales structures on the basis of which the sales activities of Mio Mio products (Southern Germany) and Citrocasa fresh juice systems (International) in particular are to be stimulated.

Disproportionately high increase in other operating expenses

We also expect other operating expenses (SBA) to rise faster than sales in the forecast period from -21.9% in 2019e to -22.0% in 2021e. In absolute terms, the SBA increased from EUR 35.3m in 2018 to EUR 40.0m in 2021e, corresponding to a CAGR of 4.2%. The SBAs include cost items such as distribution costs, marketing, rent, legal and consulting costs, packaging recycling, temporary staff and other operating expenses. In addition to higher distribution costs and greater use of external service providers, the Berentzen Group will also have to spend more on marketing in order to achieve its projected corporate growth, so we believe that a disproportionately high increase in SBA is a realistic assumption.

Increasing profitability in the forecast period

Overall, our assumptions in 2019e lead to adjusted EBITDA of EUR 16.7m, which is slightly below the Group's earnings range (EBITDA guidance 2019e: EUR 17.0 to 18.8m). In the following years, adjusted EBITDA rose continuously at an almost constant margin level and reached EUR 18.2m in 2021e. The forecast adjusted EBIT also rises continuously during the forecast period to EUR 10.0m. However, in contrast to the adj. EBITDA margin, the adj. EBIT margin declined slightly in the forecast period, as depreciation and amortization in our model increased disproportionately to the adj. EBITDA.

Balance

Growth-related increase in current assets

During the forecast period, fixed assets fell slightly, as we assume that investments in immaterial assets will be lower than depreciation (see table on next page). In contrast, the balance sheet item "Fixed assets" will increase steadily in the forecast period. Since we assume significantly higher increases in inventories and receivables from L.u.L. as a result of growth, the share of current assets in the balance sheet total increases from 59% in 2018 to 59.6% in 2021e in the forecast period.

Since the Berentzen Group in our model generates positive net income in the forecast period which is above the anticipated dividend distributions, consolidated equity increases from EUR 50.4m to EUR 56.5m between 2019e and 2021e. The equity ratio rises accordingly from 35.0% in 2019e to 36.8% in 2021e.

The share of current and non-current liabilities in the balance sheet total will decline in the forecast period. While non-current liabilities remain virtually unchanged, current liabilities increase in absolute terms, in particular due to rising liabilities from alcohol tax and liabilities from L.u.L. (see table on next page).

Estimates - Assets

in EURm	IFRS	2015	2016	2017	2018	2019e	2020e	2021e
Assets								
Non-current assets		**61.0**	**60.3**	**60.3**	**59.4**	**61.7**	**61.9**	**62.0**
as % of total assets		33.7%	31.9%	42.1%	41.0%	42.8%	41.4%	40.4%
Intangible assets		14.4	13.4	12.7	12.1	11.7	11.5	11.3
Property, plant and equipment		46.0	45.3	46.2	45.8	46.9	47.4	47.7
Investment property		0.0	0.8	0.8	0.7	0.7	0.7	0.7
Deferred tax assets		0.1	0.2	0.0	0.0	0.0	0.0	0.0
Other financial assets		0.6	0.7	0.7	0.8	2.3	2.3	2.3
Current assets		**119.9**	**128.9**	**83.1**	**85.5**	**82.5**	**87.6**	**91.4**
as % of total assets		66.3%	68.1%	57.9%	59.0%	57.2%	58.6%	59.6%
Inventories		32.3	35.6	37.0	39.9	41.7	43.1	44.4
Trade receivables		12.4	14.9	13.8	16.4	17.6	19.2	20.9
Income tax assets		0.7	0.2	0.6	0.3	0.6	0.6	0.6
Cash and cash equivalents		63.1	67.7	19.4	15.8	9.1	11.3	12.1
Other current financial and non-financial assets		11.3	10.5	12.3	13.1	13.5	13.5	13.5
Total assets		**180.9**	**189.2**	**143.4**	**145.0**	**144.2**	**149.6**	**153.4**

Source: Berentzen Group; FMR

Estimates - liabilities

in EURm	IFRS	2015	2016	2017	2018	2019e	2020e	2021e
Shareholders´ equity and liabilities								
Shareholders´ equity		**43.8**	**45.2**	**44.6**	**47.4**	**50.4**	**53.4**	**56.4**
as % of total assets		24.2%	23.9%	31.1%	32.7%	35.0%	35.7%	36.8%
Subscribed capital		24.6	24.4	24.4	24.4	24.4	24.4	24.4
Additional paid-in capital		6.8	6.8	6.8	6.8	6.8	6.8	6.8
Retained earning		12.4	14.0	13.3	16.2	19.2	22.1	25.1
Non-current provisions and liabilities		**63.8**	**13.6**	**20.0**	**19.0**	**18.5**	**17.9**	**17.3**
as % of total assets		35.3%	7.2%	13.9%	13.1%	12.8%	12.0%	11.3%
Non-current provisions		12.0	11.7	11.0	9.9	9.3	8.7	8.1
Non-current financial liabilities		49.6	0.0	7.1	7.1	7.1	7.1	7.1
Deferred income tax liabilities		2.3	1.9	1.9	2.0	2.0	2.0	2.0
Current liabilities and provisions		**73.3**	**130.3**	**78.9**	**78.5**	**75.3**	**78.3**	**79.7**
as % of total assets		40.5%	68.9%	55.0%	54.2%	52.2%	52.4%	52.0%
Alcohol tax liabilities		44.3	44.4	43.3	42.3	40.3	42.8	43.8
Current provisions		0.1	0.1	0.1	0.7	0.2	0.2	0.2
Income tax liabilities		0.6	1.0	2.1	2.8	1.6	1.6	1.6
Current financial liabilities		0.8	51.1	1.7	1.1	1.1	1.1	1.1
Trade payables and other liabilities		27.6	33.8	31.7	31.6	32.1	32.6	33.0
Total equity and liabilities		**180.9**	**189.2**	**143.4**	**145.0**	**144.2**	**149.6**	**153.4**

Source: Berentzen Group; FMR

Cash flow statement

Free cash flow rises from EUR 0.6m in 2019e to EUR 4.2m in 2021e

In the forecast period, cash flow from operating activities rose continuously and in 2020e/2021e reached the 2016 level again. This is primarily the result of our assumption of a more moderate change in other assets, which burdened cash flow from operating activities in 2017 and 2018 with EUR 5.0m each. Considering investments in fixed assets, which rose from EUR 7.9m in 2019e to EUR 8.3m in 2021e, free cash flow increased from EUR -4.0m in 2019e to EUR 3.7m in 2021e.

Estimates - Cash flow statement

in EURm	IFRS	2015	2016	2017	2018	2019e	2020e	2021e
Cash flow from operating activities		31.4	12.3	4.1	5.6	3.9	12.8	12.0
Cash flow from investing activities		-6.5	-6.2	-7.8	-6.5	-7.9	-7.9	-8.3
Free Cash Flow		**24.9**	**6.2**	**-3.7**	**-0.9**	**-4.0**	**5.0**	**3.7**
Cash flow from financing activities		-2.7	-2.2	-45.0	-2.1	-2.7	-2.8	-2.9
Total change in cath and cath equivalents		**22.2**	**3.9**	**-48.7**	**-3.0**	**-6.6**	**2.1**	**0.8**
Cash and cash equivalents at the start of the period		41.0	63.1	67.1	18.4	15.8	9.1	11.3
Cash and cash equivalents at year´s end		**63.1**	**67.1**	**18.4**	**15.5**	**9.1**	**11.3**	**12.1**

Source: Berentzen Group; FMR

Dividends paid

Behind the cash flow from financing activities are primarily the anticipated dividend distributions, which we slightly increase from EUR 0.30 to EUR 0.31 per share between 2019e and 2021e. The dividend policy of the company announced at the most recent Annual General Meeting stipulates that in future at least 50% of consolidated net income will always be distributed to shareholders as dividends.

Overall, our assumptions lead to an increase in cash and cash equivalents from EUR 9.1m in 2019e to EUR 12.1m in 2021e.

Appendix

Berentzen Group AG - Income Statement

in EURm IFRS	2015	2016	2017	2018	2019e	2020e	2021e
Revenues	**158.5**	**170.0**	**160.4**	**162.2**	**169.0**	**175.3**	**181.5**
YoY growth	3.4%	7.2%	-5.7%	1.1%	4.2%	3.8%	3.5%
Increase or decrease in inventory of finished goods and work in progress	0.5	2.7	2.1	1.4	0.8	0.9	0.9
as % of revenues	0.3%	1.6%	1.3%	0.9%	0.5%	0.5%	0.5%
Total operating income	**159.0**	**172.7**	**162.4**	**163.6**	**169.8**	**176.2**	**182.4**
YoY growth	-1.6%	7.9%	-5.6%	0.7%	3.7%	3.7%	3.4%
Cost of materials	-83.5	-91.7	-93.1	-91.9	-95.2	-98.3	-101.3
as % of revenues	-52.7%	-53.9%	-58.0%	-56.7%	-56.3%	-56.1%	-55.8%
Gross profit	**75.6**	**81.1**	**69.3**	**71.7**	**74.6**	**77.9**	**81.1**
as % of revenues	47.7%	47.7%	43.2%	44.2%	44.2%	44.4%	44.7%
Other operating income	5.1	4.4	4.7	4.7	4.6	4.6	4.6
as % of revenues	3.2%	2.6%	2.9%	2.9%	2.7%	2.6%	2.5%
Personnel expenses	-22.4	-23.9	-24.0	-24.6	-25.5	-26.5	-27.6
as % of revenues	-14.1%	-14.1%	-15.0%	-15.2%	-15.1%	-15.1%	-15.2%
Other operating expenses	-43.1	-44.0	-33.6	-35.3	-37.1	-38.5	-40.0
as % of revenues	-27.2%	-25.9%	-21.0%	-21.8%	-21.9%	-22.0%	-22.0%
Exceptional effects	0.0	0.1	0.4	0.8	0.0	0.0	0.0
Adj. EBITDA	**15.7**	**17.5**	**16.4**	**17.3**	**16.7**	**17.5**	**18.2**
as % of revenues	9.9%	10.3%	10.2%	10.7%	9.9%	10.0%	10.0%
Depreciation of property, plant and equipment, and amortisation of intangible assets	-8.1	-7.0	-7.2	-7.5	-7.1	-7.6	-8.2
as % of revenues	-5.1%	-4.1%	-4.5%	-4.6%	-4.2%	-4.4%	-4.5%
Adj. EBIT	**7.6**	**10.5**	**9.2**	**9.8**	**9.6**	**9.8**	**10.0**
as % of revenues	4.8%	6.2%	5.8%	6.0%	5.7%	5.6%	5.5%
Exceptional effects	0.0	-0.1	-0.4	-0.8	0.0	0.0	0.0
Financial result	-4.0	-4.1	-3.6	-1.6	-1.6	-1.6	-1.6
EBT (Earnings before income taxes)	**3.6**	**6.3**	**5.2**	**7.4**	**8.1**	**8.3**	**8.4**
as % of revenues	2.2%	3.7%	3.3%	4.6%	4.8%	4.7%	4.6%
Income taxes	-1.3	-2.0	-2.7	-2.3	-2.4	-2.5	-2.5
as % of EBT	37.2%	31.9%	51.1%	-30.5%	-30.0%	-30.0%	-30.0%
Net income	**2.2**	**4.3**	**2.6**	**5.2**	**5.7**	**5.8**	**5.9**
as % of revenues	1.4%	2.5%	1.6%	3.2%	3.3%	3.3%	3.2%
Other comprehensive income	-0.6	-0.8	-0.9	-0.3	0.0	0.0	0.0
Consolidated comprehensive income	**1.6**	**3.5**	**1.7**	**4.9**	**5.7**	**5.8**	**5.9**
as % of revenues	1.0%	2.1%	1.1%	3.0%	3.3%	3.3%	3.2%
Shares outstanding (in m)	9.6	9.4	9.4	9.4	9.4	9.4	9.4
Basic earnings per share (EUR)	**0.23**	**0.46**	**0.27**	**0.55**	**0.60**	**0.61**	**0.63**
Dividends per share (EUR)	**0.20**	**0.25**	**0.22**	**0.28**	**0.30**	**0.31**	**0.31**
Payout ratio in %	**85%**	**54%**	**81%**	**51%**	**50%**	**50%**	**50%**

Source: Berentzen Group; FMR

Berentzen-Gruppe AG - Balance Sheet

in EURm IFRS	2014	2015	2016	2017	2018	2019e	2020e	2021e
Assets								
Non-current assets	**6.1**	**61.0**	**60.3**	**60.3**	**59.4**	**61.7**	**61.9**	**62.0**
as % of total assets	100.0%	33.7%	31.9%	42.1%	41.0%	42.8%	41.4%	40.4%
Intangible assets	6.1	14.4	13.4	12.7	12.1	11.7	11.5	11.3
Property, plant and equipment	0.0	46.0	45.3	46.2	45.8	46.9	47.4	47.7
Investment property	0.0	0.0	0.8	0.8	0.7	0.7	0.7	0.7
Deferred tax assets		0.1	0.2	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.6	0.7	0.7	0.8	2.3	2.3	2.3
Current assets	**0.0**	**119.9**	**128.9**	**83.1**	**85.5**	**82.5**	**87.6**	**91.4**
as % of total assets	0.0%	66.3%	68.1%	57.9%	59.0%	57.2%	58.6%	59.6%
Inventories	0.0	32.3	35.6	37.0	39.9	41.7	43.1	44.4
Trade receivables	0.0	12.4	14.9	13.8	16.4	17.6	19.2	20.9
Income tax assets	0.0	0.7	0.2	0.6	0.3	0.6	0.6	0.6
Cash and cash equivalents	0.0	63.1	67.7	19.4	15.8	9.1	11.3	12.1
Other current financial and non-financial assets	0.0	11.3	10.5	12.3	13.1	13.5	13.5	13.5
Total assets	**6.1**	**180.9**	**189.2**	**143.4**	**145.0**	**144.2**	**149.6**	**153.4**
Shareholders´ equity and liabilities								
Shareholders´ equity	**0.0**	**43.8**	**45.2**	**44.6**	**47.4**	**50.4**	**53.4**	**56.4**
as % of total equity and liabilities	#DIV/0!	24.2%	23.9%	31.1%	32.7%	35.0%	35.7%	36.8%
Subscribed capital	0.0	24.6	24.4	24.4	24.4	24.4	24.4	24.4
Additional paid-in capital	0.0	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Retained earning	0.0	12.4	14.0	13.3	16.2	19.2	22.1	25.1
Non-current provisions and liabilities	**0.0**	**63.8**	**13.6**	**20.0**	**19.0**	**18.5**	**17.9**	**17.3**
as % of total equity and liabilities	#DIV/0!	35.3%	7.2%	13.9%	13.1%	12.8%	12.0%	11.3%
Non-current provisions	0.0	12.0	11.7	11.0	9.9	9.3	8.7	8.1
Non-current financial liabilities	0.0	49.6	0.0	7.1	7.1	7.1	7.1	7.1
Deferred income tax liabilities	0.0	2.3	1.9	1.9	2.0	2.0	2.0	2.0
Current liabilities and provisions	**0.0**	**73.3**	**130.3**	**78.9**	**78.5**	**75.3**	**78.3**	**79.7**
as % of total equity and liabilities	#DIV/0!	40.5%	68.9%	55.0%	54.2%	52.2%	52.4%	52.0%
Alcohol tax liabilities	0.0	44.3	44.4	43.3	42.3	40.3	42.8	43.8
Current provisions	0.0	0.1	0.1	0.1	0.7	0.2	0.2	0.2
Income tax liabilities	0.0	0.6	1.0	2.1	2.8	1.6	1.6	1.6
Current financial liabilities		0.8	51.1	1.7	1.1	1.1	1.1	1.1
Trade payables and other liabilities		27.6	33.8	31.7	31.6	32.1	32.6	33.0
Total equity and liabilities	**0.0**	**180.9**	**189.2**	**143.4**	**145.0**	**144.2**	**149.6**	**153.4**

Source: Berentzen Group; FMR

Berentzen-Gruppe AG - Cash Flow Statement

in EURm IFRS	2015	2016	2017	2018	2019e	2020e	2021e
Consolidated profit	**2.2**	**4.4**	**2.6**	**5.2**	**5.7**	**5.8**	**5.9**
Income tax expenses	1.3	2.0	2.7	2.3	2.4	2.5	2.5
Interest income	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Interest expenses	4.0	4.1	3.6	1.6	1.6	1.6	1.6
Amortisation and depreciation of assets	8.1	6.8	7.2	7.5	7.1	7.6	8.2
Impairments / write-ups of assets	-0.5	0.1	0.4	0.0	0.0	0.0	0.0
Other non-cash effects	-0.8	-1.0	-0.9	-0.5	-1.4	0.0	0.0
Increase/decrease in provisions	-0.3	-0.2	-0.7	-0.4	-1.1	-0.6	-0.6
Gains/losses on disposals of property, plant and equipment	-0.3	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in receivables assigned under factoring agreements	-2.6	-5.8	3.0	-1.0	-1.2	-1.6	-1.7
Decrease/increase in other assets	5.8	0.7	-5.0	-5.5	-3.7	-1.4	-1.3
Increase/decrease in alcohol tax liabilities	20.8	0.1	-1.1	-1.0	-2.0	2.5	1.0
Increase/decrease in other liabilities	-0.4	6.3	-2.3	0.0	0.5	0.5	0.4
Cash and cash equivalents generated from operating activities	**37.3**	**17.7**	**9.4**	**8.1**	**7.8**	**16.9**	**16.0**
Income taxes paid	-2.1	-1.4	-1.9	-1.2	-2.4	-2.5	-2.5
Interest received	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Interest paid	-3.9	-4.0	-3.5	-1.4	-1.6	-1.6	-1.6
Cash flow from operating activities	**31.4**	**12.3**	**4.1**	**5.6**	**3.9**	**12.8**	**12.0**
Proceeds from disposals of intangible assets	0.3	0.1	0.0	0.1	0.0	0.0	0.0
Payments for investments in intangible assets	-0.4	-0.4	-0.6	-0.8	-0.9	-1.1	-1.3
Proceeds from disposals of property, plant and equipment	2.3	0.1	0.3	0.2	0.0	0.0	0.0
Payments for investments in property, plant and equipment	-6.9	-6.0	-7.6	-6.0	-7.0	-6.8	-7.0
Proceeds from disposals of financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from government grants	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Payments for additions to the consolidated group	-2.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	**-6.5**	**-6.2**	**-7.8**	**-6.5**	**-7.9**	**-7.9**	**-8.3**
Cash inflows from the utilization of loan agreements	0.0	0.0	7.5	0.0	0.0	0.0	0.0
Repayment of Bonds	0.0	0.0	-0.2	0.0	0.0	0.0	0.0
Payments related to the issuance of bonds	0.0	0.0	-50.0	0.0	0.0	0.0	0.0
Dividend payments	-1.5	-1.9	-2.3	-2.1	-2.6	-2.8	-2.9
Payments for the purchase of treasury shares	-1.2	-0.3	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	**-2.7**	**-2.2**	**-45.0**	**-2.1**	**-2.7**	**-2.8**	**-2.9**
Total change in cash and cash equivalents	**22.2**	**3.9**	**-48.7**	**-3.0**	**-6.6**	**2.1**	**0.8**
Cash and cash equivalents at the start of the period	41.0	63.1	67.1	18.4	15.8	9.1	11.3
Cash and cash equivalents at year´s end	**63.1**	**67.1**	**18.4**	**15.5**	**9.1**	**11.3**	**12.1**
Overdraft facilities with banks	0.0	0.6	1.0	0.3	0.0	0.0	0.0
Cash and cash equivalents	**63.1**	**67.7**	**19.4**	**15.8**	**9.1**	**11.3**	**12.1**

Source: Berentzen Group; 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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2. Mandatory details

a) First publication: 22 August 2019,

b) Time conditions of expected updates: quarterly

c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Lurgiallee 12, 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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(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	-

b) FMR Frankfurt Main Research AG has concluded a cooperation agreement with Oddo Seydler Bank AG, on the basis of which this financial analysis is compiled. Oddo Seydler Bank AG is acting as the agent of the issuer, which is either the subject of the financial analysis itself or its financial instruments are the subject of the financial analysis.

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(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;

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(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	iii, vi

Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date	Price target
22.08.2019	BUY	6.08	10.00

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

Enid Omerovic, Senior 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.

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

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