

Berentzen-Gruppe AG

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EKF 2020: CEO marks 2021 as another Corona year

Second coronavirus lockdown in Germany puts a strain on the business: Oliver Schwegmann, CEO of the Berentzen Group, begun and ended his investor presentation, which was held at the Deutsches Eigenkapitalforum, with an optimistic outlook on the prospects inherent in the diversified business model of the German-centric beverage company. In particular, the continued profitability on a quarterly basis and the ability to pay a dividend (FMR 2020e: EUR 0.10 per share) in pandemic times underline the robustness of the business operations, Schwegmann added. However, simultaneously the management made very clear that investor hopes of a strong rebound in 2021 are far away from rational believes.

Bumpy road ahead for on-trade and fresh juice business: As mentioned in our recent update on Berentzen (22.10.), the year 2020 will mark a turning point in the organisation of privately organised parties, concerts and cultural events, with major implications for producers of alcoholic and non-alcoholic beverages. In view of the new "partial lockdown" in Germany which started on Monday, 02.11., it is clear that effects arising out of that turning point will not only burden business activities until the end of 2020 or the beginning of 2021, but that corresponding adverse operational effects will continue until late 2021. Berentzen's management expects 2021 to be another corona year and points to the still sluggish business activities in the on-trade and fresh juice segment.

FMR estimates: Based on the recent developments and management believes we adjust our estimates for 2021e. For the next business year 2021e we now project revenues of EUR 160m (before: EUR 164.9m) and an EBIT of EUR 6.7m (before: EUR 8.8m).

We confirm our BUY recommendation but reduce our price target slightly from 9.00 EUR to 8.50 EUR. The lower price target results primarily from our peer group valuation that shows a fair value of EUR 7.75 per share. Our DCF model indicates a roughly unchanged fair value of 9.18 EUR per share.

FY End: 31.12.; in EURm	CAGR (17-22e)	2017	2018	2019	2020e	2021e	2022e
Revenue	0.9%	160.4	162.2	167.4	159.0	160.0	167.8
Adj. EBITDA	1.8%	16.4	17.3	18.4	14.8	15.4	17.9
margin		10.2%	10.7%	11.0%	9.3%	9.6%	10.7%
Adj. EBIT	-0.4%	9.1	9.8	9.8	5.8	6.7	8.9
margin		5.7%	6.0%	5.9%	3.7%	4.2%	5.3%
Net result	16.0%	2.4	5.2	4.9	1.8	3.5	5.1
EPS	16.0%	0.26	0.55	0.52	0.20	0.38	0.54
Dividend per share		0.22	0.28	0.28	0.10	0.19	0.27
EV/Sales		0.48	0.37	0.36	0.36	0.36	0.31
EV/EBITDA		4.59	3.49	3.32	3.83	3.70	2.94
P/E		20.18	9.49	9.96	26.66	13.83	9.59
Net debt/EBITDA		-0.01	0.11	-0.18	0.45	0.44	0.15

Source: Berentzen, FMR

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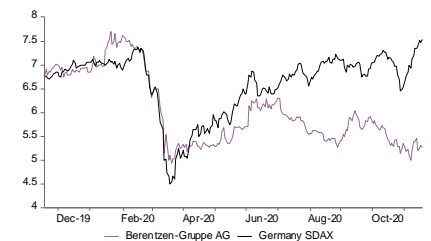
BUY

Before: BUY

Price target EUR 8.50 (9.00)
Share price EUR 5.22 (+63%)

*last XETRA closing price

Change	2020e	2021e	2022e
Revenue	-	-4.9	-
Adj. EBIT	-	-2.1	-
EPS	-	-0.16	-



Source: Factset

Basic share data

Number of shares (million)	9.39
Free float and others (in %)	79.40%
Market cap (EURm)	49.0
Trading volume (Ø)	9,036
High (EUR, 52 weeks)	7.8
Low (EUR, 52 weeks)	4.8

Shareholder structure

Monolith (NL)	4.90%
MainFirst (LU)	8.50%
Lazard Gestion (FR)	5.10%
Treasury shares	2.10%
Free float and others	79.40%

Corporate calendar

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Appendix

Discounted Cash Flow Modell

in EURm	PHASE 1			PHASE 2							PHASE 3
	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	∞
Sales	159.0	160.0	167.8	172.8	177.6	182.0	186.1	189.8	193.1	196.0	
Sales growth YoY in %	-5.0%	0.6%	4.9%	3.0%	2.8%	2.5%	2.3%	2.0%	1.8%	1.5%	
EBIT	4.2	6.7	8.9	9.2	9.6	10.0	10.4	10.8	11.2	11.6	
EBIT margin in %	2.7%	4.2%	5.3%	5.3%	5.4%	5.5%	5.6%	5.7%	5.8%	5.9%	
Income tax on EBIT	-1.3	-2.0	-2.7	-2.7	-2.9	-3.0	-3.1	-3.2	-3.4	-3.5	
Depreciation and amortisation	9.0	8.7	9.1	9.3	8.9	8.1	8.3	8.4	8.6	9.0	
Change in net working capital	0.3	-3.2	-0.9	-1.4	-1.3	-1.2	-1.1	-1.0	-0.9	-0.8	
Net capital expenditure	-7.0	-8.3	-8.6	-9.0	-8.9	-8.4	-8.6	-8.7	-8.9	-9.0	
Free cash flow	5.3	2.0	5.8	5.2	5.4	5.5	5.9	6.3	6.7	7.3	
Present values	5.2	1.8	4.8	4.0	3.8	3.5	3.4	3.3	3.2	3.2	46.8
Present value Phase 1	11.8	25%									
Present value Phase 2	24.3	29%									
Present value Phase 3	46.8	56%									
Total present value	83.0	100%									
- Net cash	3.2										
- Minority interest (est. market value)	0.0										
Fair value of equity	86.2										
Number of shares (m)	9.4										
Fair value per share (EUR)	9.18										

Risk free rate	2.0%	Target equity ratio	76.8%
Equity risk premium	6.0%	Tax shield	30.0%
Debt risk premium	3.0%	Beta (fundamental)	1.40
CAGR Sales Phase 2	2.1%	WACC	9.01%
Ø EBIT-margin Phase 2	5.6%	Terminal growth	2.0%

Sensitivity analysis						
		Terminal growth (Phase 3)				
		1.0%	1.5%	2.0%	2.5%	3.0%
EBIT margin	3.6%	5.54	5.72	5.92	6.15	6.42
	4.6%	6.91	7.15	7.41	7.72	8.09
	5.6%	8.28	8.58	9.18	9.30	9.75
	6.6%	9.66	10.01	10.41	10.87	11.41
	7.6%	11.03	11.44	11.91	12.45	13.08

Source: FMR

Peer group valuation

Company name	P/E			EV/EBITDA			EV/EBIT			EV/Sales		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Davide Campari-Milano N.V.	54.2x	39.9x	35.1x	29.3x	24.5x	22.2x	36.0x	29.0x	26.0x	6.7x	6.2x	5.8x
Altia Oyj	15.6x	11.3x	9.7x	8.0x	5.4x	7.6x	12.7x	8.0x	11.9x	1.1x	0.8x	1.0x
Arcus ASA	12.2x	13.5x	13.8x	9.3x	9.4x	9.8x	9.5x	12.3x	12.6x	1.4x	1.5x	1.5x
A.G. BARR p.l.c.	27.2x	21.3x	20.0x	12.2x	11.6x	11.0x	17.0x	16.1x	15.2x	2.5x	2.4x	2.4x
Olvi Oyj Class A	22.3x	20.5x	19.3x	11.6x	11.2x	10.7x	16.7x	16.0x	15.1x	2.3x	2.2x	2.1x
Remy Cointreau SA	63.6x	49.0x	42.4x	33.9x	28.2x	25.5x	39.4x	32.1x	28.6x	8.1x	7.4x	6.9x
Schloss Wachenheim AG	14.8x	12.4x	12.8x	7.1x	6.5x	6.5x	12.6x	11.0x	11.3x	0.7x	0.7x	0.7x
Stock Spirits Group Plc	14.5x	13.0x	12.3x	8.4x	8.2x	7.8x	10.4x	10.0x	9.6x	1.7x	1.7x	1.6x
Diageo plc	26.9x	23.6x	22.1x	21.6x	19.5x	18.3x	24.1x	21.5x	20.1x	7.2x	6.8x	6.5x
Average	27.9x	22.7x	20.8x	15.7x	13.8x	13.3x	19.8x	17.3x	16.7x	3.5x	3.3x	3.2x
Median	22.3x	20.5x	19.3x	11.6x	11.2x	10.7x	16.7x	16.0x	15.1x	2.3x	2.2x	2.1x

in Mo. EUR, außer EPS (in EUR)	Net income			EBITDA			EBIT			Sales		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Berentzen-Gruppe AG (FMR)	1.84	3.55	5.11	14.8	15.4	17.9	5.8	6.7	8.9	159.0	160.0	167.8
Applied multiples: mean Altia Oyj & Schloss Wachenheim AG	15.2	11.9	11.2	7.5	5.9	7.1	12.7	9.5	11.6	0.9	0.7	0.8
Enterprise value (derived)	28.0	42.1	57.5	111.4	90.9	126.7	74.0	63.5	103.0	143.7	114.5	142.1
- Financial net debt & minority interests	-6.6											
		42.1			84.3			56.9			107.9	
Market capitalisation (derived)	72.8											
Premium (discount) vs. Peer Group												
Fair market capitalisation	72.8											
Number of shares (m)												
Fair value per share (EUR)	7.75											

Source: FMR, FactSet

Valuation summary

Valuation method	Fair value per share (EUR)	Mcap (in EURm)
DCF	9.18	86.21
Target price	8.46	79.50
Peer group	7.75	72.79

Source: FMR, FactSet

Berentzen Group AG - Income Statement

in EURm	IFRS	2017	2018	2019	2020e	2021e	2022e
Revenues		160.4	162.2	167.4	159.0	160.0	167.8
YoY growth		-5.7%	1.1%	3.2%	-5.0%	0.6%	4.9%
Increase or decrease in inventory of finished goods and work in progress		2.1	1.4	0.0	0.0	0.8	0.8
as % of revenues		1.3%	0.9%	0.0%	0.0%	0.5%	0.5%
Total operating income		162.4	163.6	167.4	159.0	160.8	168.6
YoY growth		-5.6%	0.7%	1.9%	-7.3%	3.7%	4.7%
Cost of materials		-93.1	-91.9	-92.7	-87.6	-90.2	-92.6
as % of revenues		-58.0%	-56.7%	-55.4%	-55.1%	-56.4%	-55.2%
Gross profit		69.3	71.7	74.7	71.4	70.6	76.0
as % of revenues		43.2%	44.2%	44.6%	44.9%	44.1%	45.3%
Other operating income		4.7	4.7	4.1	0.0	4.1	4.1
as % of revenues		2.9%	2.9%	2.5%	0.0%	2.6%	2.4%
Personnel expenses		-24.0	-24.6	-25.6	-24.3	-24.1	-25.1
as % of revenues		-15.0%	-15.2%	-15.3%	-15.3%	-15.0%	-15.0%
Other operating expenses		-33.6	-35.3	-35.9	-33.9	-35.2	-37.0
as % of revenues		-21.0%	-21.8%	-21.5%	-21.3%	-22.0%	-22.1%
Exceptional effects		0.4	0.8	1.1	1.6	0.0	0.0
Adj. EBITDA		16.4	17.3	18.4	14.8	15.4	17.9
as % of revenues		10.2%	10.7%	11.0%	9.3%	9.6%	10.7%
Depreciation of property, plant and equipment, and amortisation of intangible assets		-7.3	-7.5	-8.5	-9.0	-8.7	-9.1
as % of revenues		-4.6%	-4.6%	-5.1%	-5.6%	-5.4%	-5.4%
Adj. EBIT		9.1	9.8	9.8	5.8	6.7	8.9
as % of revenues		5.7%	6.0%	5.9%	3.7%	4.2%	5.3%
Exceptional effects		-0.4	-0.8	-1.1	-1.6	0.0	0.0
Financial result		-3.6	-1.6	-1.5	-1.6	-1.6	-1.6
EBT (Earnings before income taxes)		5.1	7.4	7.2	2.6	5.1	7.3
as % of revenues		3.2%	4.6%	4.3%	1.7%	3.2%	4.4%
Income taxes		-2.7	-2.3	-2.3	-0.8	-1.5	-2.2
as % of EBT		52.4%	30.5%	-31.6%	-30.0%	-30.0%	-30.0%
Net income		2.4	5.2	4.9	1.8	3.5	5.1
as % of revenues		1.5%	3.2%	2.9%	1.2%	2.2%	3.0%
Other comprehensive income		-0.9	-0.3	-0.5	0.0	0.0	0.0
Consolidated comprehensive income		1.6	4.9	4.4	1.8	3.5	5.1
as % of revenues		1.0%	3.0%	2.6%	1.2%	2.2%	3.0%
Shares outstanding (in m)		9.4	9.4	9.4	9.4	9.4	9.4
Basic earnings per share (EUR)		0.26	0.55	0.52	0.20	0.38	0.54
Dividends per share (EUR)		0.22	0.28	0.28	0.10	0.19	0.27
Payout ratio in %		85%	51%	53%	50%	50%	50%

Source: Berentzen-Gruppe AG; FMR

Berentzen-Gruppe AG - Balance Sheet

in EURm	IFRS	2017	2018	2019	2020e	2021e	2022e
Assets							
Non-current assets		60.3	59.4	59.7	57.7	57.2	56.7
as % of total assets		42.1%	41.0%	39.4%	41.5%	40.5%	39.0%
Intangible assets		12.7	12.1	11.6	11.1	10.9	10.5
Property, plant and equipment		46.2	45.8	45.4	43.9	43.6	43.5
Investment property		0.8	0.7	0.7	0.7	0.7	0.7
Right-of-use assets		0.0	0.0	1.3	1.3	1.3	1.3
Other financial assets		0.7	0.8	0.7	0.7	0.7	0.7
Current assets		83.1	85.5	91.9	81.5	84.1	88.6
as % of total assets		57.9%	59.0%	60.6%	58.5%	59.5%	61.0%
Inventories		37.0	39.9	40.6	42.0	42.0	42.1
Trade receivables		13.8	16.4	14.8	13.1	16.2	17.0
Income tax assets		0.6	0.3	0.1	0.1	0.1	0.1
Cash and cash equivalents		19.4	15.8	22.7	12.8	12.0	15.6
Other current financial and non-financial assets		12.3	13.1	13.8	13.5	13.8	13.8
Total assets		143.4	145.0	151.6	139.2	141.4	145.4
Shareholders' equity and liabilities							
Shareholders' equity		44.6	47.4	49.2	48.4	51.0	54.4
as % of total equity and liabilities		31.1%	32.7%	32.4%	34.8%	36.1%	37.4%
Subscribed capital		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
Retained earning		13.3	16.2	18.0	17.2	19.8	23.1
Non-current provisions and liabilities		20.0	19.0	19.5	18.9	18.3	17.7
as % of total equity and liabilities		13.9%	13.1%	12.9%	13.6%	12.9%	12.2%
Non-current provisions		11.0	9.9	9.9	9.3	8.7	8.1
Non-current financial liabilities		7.1	7.1	7.9	7.9	7.9	7.9
Deferred income tax liabilities		1.9	2.0	1.8	1.8	1.8	1.8
Current liabilities and provisions		78.9	78.5	82.9	71.9	72.0	73.3
as % of total equity and liabilities		55.0%	54.2%	54.7%	51.6%	51.0%	50.4%
Alcohol tax liabilities		43.3	42.3	43.6	38.8	38.6	39.5
Current provisions		0.1	0.7	0.3	0.3	0.3	0.3
Income tax liabilities		2.1	2.8	1.5	1.5	1.5	1.5
Current financial liabilities		1.7	1.1	2.3	2.3	2.3	2.3
Trade payables and other liabilities		31.7	31.6	35.3	29.0	29.4	29.7
Total equity and liabilities		143.4	145.0	151.6	139.2	141.4	145.4

Source: Berentzen-Gruppe AG; FMR

Berentzen-Gruppe AG - Cash Flow Statement

in EURm	IFRS	2017	2018	2019	2020e	2021e	2022e
Consolidated profit		2.6	5.2	4.9	1.8	3.5	5.1
Income tax expenses		2.7	2.3	2.3	0.8	1.5	2.2
Interest income		-0.1	-0.1	-0.1	0.0	0.0	-0.1
Interest expenses		3.6	1.6	1.6	1.7	1.7	1.7
Amortisation and depreciation of assets		7.2	7.5	8.5	9.0	8.7	9.1
Impairments / write-ups of assets		0.4	0.0	0.0	0.0	0.0	0.0
Other non-cash effects		-0.9	-0.5	-0.9	0.0	0.0	0.0
Increase/decrease in provisions		-0.7	-0.4	-0.6	-0.6	-0.6	-0.6
Gains/losses on disposals of property, plant and equipment		0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in receivables assigned under factoring agreements		3.0	-1.0	8.6	1.7	-3.1	-0.8
Decrease/increase in other assets		-5.0	-5.5	-8.1	-1.2	-0.3	-0.1
Increase/decrease in alcohol tax liabilities		-1.1	-1.0	1.3	-4.8	-0.2	1.0
Increase/decrease in other liabilities		-2.3	0.0	3.7	-6.2	0.4	0.3
Cash and cash equivalents generated from operating activities		9.4	8.1	21.4	2.1	11.5	17.7
Income taxes paid		-1.9	-1.2	-3.4	-0.8	-1.5	-2.2
Interest received		0.0	0.1	0.1	0.0	0.0	0.1
Interest paid		-3.5	-1.4	-1.4	-1.7	-1.7	-1.7
Cash flow from operating activities		4.1	5.6	16.6	-0.3	8.4	13.9
Proceeds from disposals of intangible assets		0.0	0.1	0.1	0.0	0.0	0.0
Payments for investments in intangible assets		-0.6	-0.8	-1.0	-0.8	-1.3	-1.3
Proceeds from disposals of property, plant and equipment		0.3	0.2	0.1	0.0	0.0	0.0
Payments for investments in property, plant and equipment		-7.6	-6.0	-6.2	-6.2	-7.0	-7.3
Proceeds from disposals of financial assets		0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from government grants		0.0	0.0	0.0	0.0	0.0	0.0
Payments for additions to the consolidated group		0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities		-7.8	-6.5	-6.9	-7.0	-8.3	-8.6
Cash inflows from the utilization of loan agreements		7.5	0.0	0.3	0.0	0.0	0.0
Repayment of Bonds		-0.2	0.0	-0.1	0.0	0.0	0.0
Payments related to the issuance of bonds		-50.0	0.0	0.0	0.0	0.0	0.0
Dividend payments		-2.3	-2.1	-2.6	-2.6	-0.9	-1.8
Payments for the purchase of treasury shares		0.0	0.0	0.0	0.0	0.0	0.0
Lease liability repayments		0.0	0.0	-0.7	0.0	0.0	0.0
Cash flow from financing activities		-45.0	-2.1	-3.2	-2.6	-0.9	-1.8
Total change in cash and cash equivalents		-48.7	-3.0	6.6	-9.9	-0.8	3.6
Cash and cash equivalents at the start of the period		67.1	18.4	15.5	22.0	12.1	11.4
Cash and cash equivalents at year's end		18.4	15.5	22.0	12.1	11.4	14.9
Overdraft facilities with banks		1.0	0.3	0.7	0.7	0.7	0.7
Cash and cash equivalents		19.4	15.8	22.7	12.8	12.0	15.6

Source: Berentzen-Gruppe AG; FMR

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2. Mandatory details

- a) First publication: 20.11.2020,
- 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.

3. Disclosures

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 - (iii.) managed financial instruments of the issuer on a market by means of concluding purchase or sale agreements;
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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-Gruppe 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 EUR	10.00 EUR
25.10.2019	BUY	6.56 EUR	10.00 EUR
04.02.2020	BUY	7.60 EUR	10.00 EUR
26.03.2020	BUY	5.32 EUR	10.00 EUR
06.05.2020	BUY	5.34 EUR	10.00 EUR
23.06.2020	BUY	6.10 EUR	9.00 EUR
23.07.2020	BUY	5.92 EUR	9.00 EUR
11.08.2020	BUY	5.58 EUR	9.00 EUR
22.10.2020	BUY	5.30 EUR	9.00 EUR
20.11.2020	BUY	5.22 EUR	8.50 EUR

4. Creation and distribution

a) Responsibility for creation and distribution

FMR Frankfurt Main Research AG

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

b) Issuer

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.

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

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

6. Sensitivity of the evaluation parameters

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

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