

"Consumer Goods"

Berentzen-Gruppe AG

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Q3/21 report: Stable financials and good business performance

Non-alcoholic beverages – good performance of branded business: Berentzen today published its report for Q3/21, confirming the preliminary figures released earlier this month (see FMR update dated 08.10.2021). 9M/21 revenues reached EUR 105.8m (-6.3% yoy), primarily due to the cancellation of a low-margin bottling contract, which impacted revenues in the non-alcoholic beverages segment (EUR 28.1m; -20.5% yoy). Apart from this, the branded business (EUR 25.2m; +4.0%) showed good positive momentum, as did the Mio Mio brand (EUR 10.5m; +9.9%).

Spirits segment – can stability turn into growth? Berentzen was hit hard by the pandemic, but the spirits segment (spirits market is characterized by high competition and low growth) proved to be an anchor in the storm. In 2020, this segment grew by +2.2% yoy (EUR 65.2m) in the first nine months and in 2021 it declined by only -0.3% (EUR 65.1m) in the same period, again outperforming the other segments. However, crises are usually short-lived; in the long term, it's all about growth. We therefore wonder when growing sub-segments (Branded Spirits Foreign: EUR 4.3 million; +20.9% / Other including Tres Países, Norderm Dry Gin and Goldkehlchen: EUR 0.68 million; +76.2% / Medium private label: EUR 11.9 million; +30.6%) within the spirits segment could overtake shrinking sub-segments, thus marking a usually defensive segment as a characteristic growth segment?

In the short term, it is almost always about liquidity: To think about growth is possible only on the basis of a strong financial position. Berentzen showed impressively how consistently implemented cost reduction measures during crises helped protect liquidity and equity. In 9M/21, the cash balance rose to EUR 19.9m (+ EUR 11.1m yoy) and the equity ratio improved to 36.9% (9M/20: 35.0%).

Adjusted guidance: On October 5, management updated its full year guidance for 2021, with sales expected to range between EUR 145.0m and 150.0m (before: EUR 152.0m and 158.0m / FMR: EUR 148.0m). EBITDA projection has been raised to a range of EUR 15.0m to 16.0m (before: EUR 13.0m to 15.0m / FMR: EUR 15.2m). The new EBIT target is now EUR 6.0m to 7.0m (previously: EUR 4.0m to 6.0m / FMR: EUR 6.3m).

We confirm our BUY recommendation and leave the price target unchanged at EUR 8.00.

FY End: 31.12.; in EURm	CAGR (18-23e)	2018	2019	2020	2021e	2022e	2023e
Revenue	0.6%	162.2	167.4	154.6	148.0	163.0	167.5
Adj. EBITDA	0.0%	17.3	18.4	14.1	15.2	17.1	17.3
Adj. EBITDA Margin		10.7%	11.0%	9.1%	10.2%	10.5%	10.3%
Adj. EBIT	-3.9%	9.8	9.8	5.2	6.3	7.9	8.0
Adj. EBIT Margin		6.0%	5.9%	3.4%	4.3%	4.8%	4.8%
Net result	-2.7%	5.2	4.9	1.2	3.3	4.4	4.5
EPS	-2.7%	0.55	0.52	0.13	0.35	0.47	0.48
Dividend per share		0.28	0.28	0.13	0.18	0.23	0.24
EV/Sales		0.38	0.38	0.27	0.40	0.42	0.37
EV/EBITDA		4.59	3.49	3.32	2.88	4.11	3.68
P/E		11.92	12.47	49.83	18.67	14.03	13.70
Net debt/EBITDA		-0.01	0.11	-0.18	-0.48	0.05	0.09

Source: Berentzen, FMR

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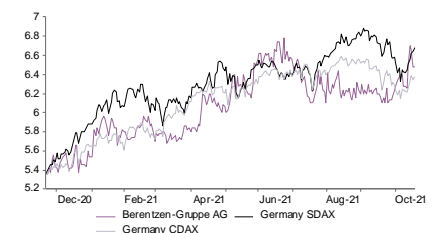
BUY

Before: BUY

Price target EUR 8.00 (8.00)
Share price EUR 6.54 (+22%)

*last XETRA closing price

Change	2021e	2022e	2023e
Revenue	0.0	0.0	0.0
Adj. EBIT	0.0	0.0	0.0
EPS	0.00	0.00	0.00



Source: Factset

Basic share data

Number of shares (million)	9.39
Free float and others (in %)	79.40%
Market cap (EURm)	61.4
Trading volume (Ø)	1,671
High (EUR, 52 weeks)	6.8
Low (EUR, 52 weeks)	5.0

Shareholder structure

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

Corporate calendar

German Equity Forum	22.-24.11.2021
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"Update"

Appendix

Berentzen Group AG - Income Statement

in EURm	IFRS	2018	2019	2020	2021e	2022e	2023e
Revenues		162.2	167.4	154.6	148.0	163.0	167.5
YoY growth		1.1%	3.2%	-7.7%	-4.3%	10.1%	2.8%
Increase or decrease in inventory of finished goods and work in progress		1.4	0.0	0.1	0.7	0.8	0.8
as % of revenues		0.9%	0.0%	0.0%	0.5%	0.5%	0.5%
Total operating income		163.6	167.4	154.6	148.7	163.8	168.3
YoY growth		0.7%	2.3%	-7.6%	-3.8%	10.1%	2.8%
Cost of materials		-91.9	-92.7	-87.5	-81.4	-87.8	-90.1
as % of revenues		-56.7%	-55.4%	-56.6%	-55.0%	-53.9%	-53.8%
Gross profit		71.7	74.7	67.1	67.3	76.0	78.2
as % of revenues		44.2%	44.6%	43.4%	45.5%	46.6%	46.7%
Other operating income		4.7	4.1	3.1	1.5	0.0	0.0
as % of revenues		2.9%	2.5%	2.0%	1.0%	0.0%	0.0%
Personnel expenses		-24.6	-25.6	-25.0	-23.3	-23.8	-24.7
as % of revenues		-15.2%	-15.3%	-16.2%	-15.7%	-14.6%	-14.7%
Other operating expenses		-35.3	-35.9	-31.2	-30.4	-35.1	-36.2
as % of revenues		-21.8%	-21.5%	-20.2%	-20.5%	-21.5%	-21.6%
Exceptional effects		0.8	1.1	1.5	0.0	0.0	0.0
Adj. EBITDA		17.3	18.4	14.1	15.2	17.1	17.3
as % of revenues		10.7%	11.0%	9.1%	10.2%	10.5%	10.3%
Depreciation of property, plant and equipment, and amortisation of intangible assets		-7.5	-8.5	-8.9	-8.9	-9.2	-9.3
as % of revenues		-4.6%	-5.1%	-5.8%	-6.0%	-5.7%	-5.6%
Adj. EBIT		9.8	9.8	5.2	6.3	7.9	8.0
as % of revenues		6.0%	5.9%	3.4%	4.3%	4.8%	4.8%
Exceptional effects		-0.8	-1.1	-1.5	0.0	0.0	0.0
Financial result		-1.6	-1.5	-1.5	-1.6	-1.6	-1.6
EBT (Earnings before income taxes)		7.4	7.2	2.3	4.7	6.3	6.4
as % of revenues		4.6%	4.3%	1.5%	3.2%	3.8%	3.8%
Income taxes		-2.3	-2.3	-1.0	-1.4	-1.9	-1.9
as % of EBT		30.5%	31.6%	-45.3%	-30.0%	-30.0%	-30.0%
Net income		5.2	4.9	1.2	3.3	4.4	4.5
as % of revenues		3.2%	2.9%	0.8%	2.2%	2.7%	2.7%
Other comprehensive income		-0.3	-0.5	-0.6	0.0	0.0	0.0
Consolidated comprehensive income		4.9	4.4	0.7	3.3	4.4	4.5
as % of revenues		3.0%	2.6%	0.4%	2.2%	2.7%	2.7%
Shares outstanding (in m)		9.4	9.4	9.4	9.4	9.4	9.4
Basic earnings per share (EUR)		0.55	0.52	0.13	0.35	0.47	0.48
Dividends per share (EUR)		0.28	0.28	0.13	0.18	0.23	0.24
Payout ratio in %		51%	53%	99%	50%	50%	50%

Source: Berentzen-Gruppe AG; FMR

Berentzen-Gruppe AG - Balance Sheet

in EURm	IFRS	2018	2019	2020	2021e	2022e	2023e
Assets							
Non-current assets		59.4	59.7	56.1	55.5	54.8	54.5
as % of total assets		41.0%	39.4%	38.6%	39.9%	38.5%	37.4%
Intangible assets		12.1	11.6	10.7	10.4	9.9	9.6
Property, plant and equipment		45.8	45.4	42.2	41.9	41.8	41.7
Investment property		0.7	0.7	0.0	0.0	0.0	0.0
Deferred tax assets		0.0	0.0	0.1	0.1	0.1	0.1
Right-of-use assets		0.0	1.3	2.1	2.1	2.1	2.1
Other financial assets		0.8	0.7	0.9	0.9	0.9	0.9
Current assets		85.5	91.9	89.1	83.7	87.6	91.1
as % of total assets		59.0%	60.6%	61.4%	60.1%	61.5%	62.6%
Inventories		39.9	40.6	39.4	37.9	39.9	40.7
Trade receivables		16.4	14.8	11.8	13.4	16.5	17.0
Income tax assets		0.3	0.1	0.8	0.8	0.8	0.8
Cash and cash equivalents		15.8	22.7	26.3	17.8	16.6	18.8
Assets held for sale		0.0	0.0	0.7	0.0	0.0	0.0
Other current financial and non-financial assets		13.1	13.8	10.0	13.8	13.8	13.8
Total assets		145.0	151.6	145.2	139.2	142.5	145.6
Shareholders' equity and liabilities							
Shareholders' equity		47.4	49.2	47.2	49.3	52.0	54.3
as % of total equity and liabilities		32.7%	32.4%	32.5%	35.4%	36.5%	37.3%
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		16.2	18.0	16.0	18.1	20.8	23.1
Non-current provisions and liabilities		19.0	19.5	18.7	18.1	17.5	16.9
as % of total equity and liabilities		13.1%	12.9%	12.9%	13.0%	12.3%	11.6%
Non-current provisions		9.9	9.9	8.9	8.3	7.7	7.1
Non-current financial liabilities		7.1	7.9	8.6	8.6	8.6	8.6
Deferred income tax liabilities		2.0	1.8	1.2	1.2	1.2	1.2
Current liabilities and provisions		78.5	82.9	79.3	71.8	73.0	74.4
as % of total equity and liabilities		54.2%	54.7%	54.6%	51.6%	51.2%	51.1%
Alcohol tax liabilities		42.3	43.6	42.6	38.5	38.4	39.0
Current provisions		0.7	0.3	0.1	0.1	0.1	0.1
Income tax liabilities		2.8	1.5	0.3	0.3	0.3	0.3
Current financial liabilities		1.1	2.3	1.7	1.7	1.7	1.7
Trade payables and other liabilities		31.6	35.3	34.6	31.2	32.5	33.3
Total equity and liabilities		145.0	151.6	145.2	139.2	142.5	145.6

Source: Berentzen-Gruppe AG; FMR

Berentzen-Gruppe AG - Cash Flow Statement

in EURm	IFRS	2018	2019	2020	2021e	2022e	2023e
Consolidated profit		5.2	4.9	1.2	3.3	4.4	4.5
Income tax expenses		2.3	2.3	1.0	1.4	1.9	1.9
Interest income		-0.1	-0.1	-0.1	0.0	-0.1	-0.1
Interest expenses		1.6	1.6	1.6	1.6	1.7	1.7
Amortisation and depreciation of assets		7.5	8.5	8.9	8.9	9.2	9.3
Impairments / write-ups of assets		0.0	0.0	1.4	0.0	0.0	0.0
Other non-cash effects		-0.5	-0.9	-0.8	0.0	0.0	0.0
Increase/decrease in provisions		-0.4	-0.6	-1.1	-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		-1.0	8.6	-7.7	-1.6	-3.1	-0.5
Decrease/increase in other assets		-5.5	-8.1	15.7	-2.2	-2.0	-0.8
Increase/decrease in alcohol tax liabilities		-1.0	1.3	-0.9	-4.1	-0.1	0.6
Increase/decrease in other liabilities		0.0	3.7	-0.6	-3.4	1.3	0.9
Cash and cash equivalents generated from operating activities		8.1	21.4	18.6	3.2	12.5	16.9
Income taxes paid		-1.2	-3.4	-3.7	-1.4	-1.9	-1.9
Interest received		0.1	0.1	0.1	0.0	0.1	0.1
Interest paid		-1.4	-1.4	-1.4	-1.6	-1.7	-1.7
Cash flow from operating activities		5.6	16.6	13.6	0.2	9.0	13.4
Proceeds from disposals of intangible assets		0.1	0.1	0.0	0.0	0.0	0.0
Payments for investments in intangible assets		-0.8	-1.0	-0.5	-1.3	-1.3	-1.5
Proceeds from disposals of property, plant and equipment		0.2	0.1	0.1	0.7	0.0	0.0
Payments for investments in property, plant and equipment		-6.0	-6.2	-4.7	-7.0	-7.3	-7.5
Proceeds from disposals of financial assets		0.0	0.0	0.1	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	-0.4	0.0	0.0	0.0
Cash flow from investing activities		-6.5	-6.9	-5.4	-7.5	-8.6	-9.0
Cash inflows from the utilization of loan agreements		0.0	0.3	0.0	0.0	0.0	0.0
Repayment of Bonds		0.0	-0.1	-0.1	0.0	0.0	0.0
Payments related to the issuance of bonds		0.0	0.0	0.0	0.0	0.0	0.0
Dividend payments		-2.1	-2.6	-2.6	-1.2	-1.6	-2.2
Payments for the purchase of treasury shares		0.0	0.0	0.0	0.0	0.0	0.0
Lease liability repayments		0.0	-0.7	-1.2	0.0	0.0	0.0
Cash flow from financing activities		-2.1	-3.2	-3.9	-1.2	-1.6	-2.2
Total change in cash and cash equivalents		-3.0	6.6	4.3	-8.5	-1.2	2.2
Cash and cash equivalents at the start of the period		18.4	15.5	22.0	26.3	17.8	16.6
Cash and cash equivalents at year's end		15.5	22.0	26.3	17.8	16.6	18.8
Overdraft facilities with banks		0.3	0.7	0.0	0.0	0.0	0.0
Cash and cash equivalents		15.8	22.7	26.3	17.8	16.6	18.8

Source: Berentzen-Gruppe AG; FMR

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

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a) First publication: 21.10.2021,

b) Time conditions of expected updates: quarterly

c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

d) Previous analyses: No analysis was published in the 12 months before publication of this analysis that contains a recommendation for a specific investment decision which contradicts this analysis.

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- (vi.) has concluded an agreement regarding the preparation of investment recommendations with the issuer.
- (vii.) has other significant interests with regard to the company being analysed, for example clients with the company being analysed.

Company	Disclosure(s)
Berentzen-Gruppe AG	-

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Company	Disclosure(s)
Berentzen Group AG	iii, vi

Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date	Price target
22.10.2020	BUY	5.30 EUR	9.00 EUR
20.11.2020	BUY	5.22 EUR	8.50 EUR
04.02.2021	BUY	5.72 EUR	8.00 EUR
26.03.2021	BUY	5.86 EUR	8.00 EUR
05.05.2021	BUY	6.02 EUR	8.00 EUR
12.08.2021	BUY	6.44 EUR	8.00 EUR
08.10.2021	BUY	6.40 EUR	8.00 EUR
21.10.2021	BUY	6.54 EUR	8.00 EUR

4. Creation and distribution

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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.

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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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8. Summary of the basis for evaluation

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