

# Berentzen Group AG

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## 9M/19 report: All segments show a solid operational development

**Nine-month financial figures:** Yesterday the Berentzen Group published its 9M/19 report. Revenues stood at EUR 120.6m, 2.5% higher compared to the respective period the year before. Top line growth resulted from the business with branded dealer and private label products (spirits segment), the sale of own brands like Mio Mio (non-alcoholic segment) as well as buoyant sale of oranges and bottling systems (fresh juice systems segment).

Compared to top line growth, EBITDA increased disproportionately and reached EUR 12.27m (+6.0%) which was mainly attributable to accounting effects related to the first time application of IFRS 16. The opposite was observed for the EBIT that increased only by 1.2% to EUR 6.10m. Given the fact that the last quarter is usually the strongest quarter of a fiscal year, both for top and bottom line, we are quite confident that the company will reach our EBITDA and EBIT forecasts. The average Q4 EBITDA between 2016-2018 was EUR 5.8m, which is significantly above our Q4/19e EBITDA estimate (FMRe: EUR 4.4m). Likewise, the average Q4 EBIT between 2016-2018 amounted to EUR 3.8m which is above our Q4/19e EBIT projection (FMRe: EUR 3.5m).

**Guidance confirmed / unchanged estimates:** Berentzen confirmed its full year financial targets. For 2019, the company still expects consolidated revenues in the range between EUR 164.7m and 173.4m (FMRe: EUR 169.0m). The guided 2019 EBITDA range still spans a range between EUR 17.0m to 18.8m (FMRe: EUR 16.7m). Also the envisaged 2019 EBIT range still encompasses a value range between EUR 9.0m and 10.0m (FMRe: EUR 9.6m). Consequently, we leave our estimates unchanged.

**We confirm our BUY recommendation with an unchanged price target of EUR 10.00 per share. Our price target is derived by our DCF model (fair value of equity: EUR 9.57 per share) and a peer group that shows a fair value of EUR 12.08 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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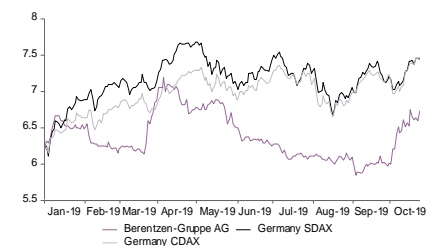
**BUY**

Before: BUY

Price target EUR 10.00 (10.00)  
Share price EUR 6.56 (+52%)

\*last XETRA closing price

Change	2019e	2020e	2021e
Turnover	-	-	-
Adj. EBIT	-	-	-
EPS	-	-	-



Source: Factset

### Basic share data

Number of shares (million)	9.39
Free float and others (in %)	76.50%
Market cap (EURm)	63.0
Trading volume (Ø)	1,402
High (EUR, 52 weeks)	7.2
Low (EUR, 52 weeks)	5.7

### Shareholder structure

Monolith (NL)	9.93%
MainFirst (LU)	8.49%
Lazard Gestion (FR)	5.07%
Treasury shares	2.15%
Free float and others	74.35%

### Corporate calendar

Preliminary figures FY 2019	04.02.2020
Annual report FY 2019	26.03.2020

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## Appendix

### Berentzen Group AG - Income Statement

in EURm	IFRS	2015	2016	2017	2018	2019e	2020e	2021e
<b>Revenues</b>		<b>158.5</b>	<b>170.0</b>	<b>160.4</b>	<b>162.2</b>	<b>169.0</b>	<b>175.3</b>	<b>181.5</b>
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%
<b>Total operating income</b>		<b>159.0</b>	<b>172.7</b>	<b>162.4</b>	<b>163.6</b>	<b>169.8</b>	<b>176.2</b>	<b>182.4</b>
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%
<b>Gross profit</b>		<b>75.6</b>	<b>81.1</b>	<b>69.3</b>	<b>71.7</b>	<b>74.6</b>	<b>77.9</b>	<b>81.1</b>
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
<b>Adj. EBITDA</b>		<b>15.7</b>	<b>17.5</b>	<b>16.4</b>	<b>17.3</b>	<b>16.7</b>	<b>17.5</b>	<b>18.2</b>
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%
<b>Adj. EBIT</b>		<b>7.6</b>	<b>10.5</b>	<b>9.2</b>	<b>9.8</b>	<b>9.6</b>	<b>9.8</b>	<b>10.0</b>
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
<b>EBT (Earnings before income taxes)</b>		<b>3.6</b>	<b>6.3</b>	<b>5.2</b>	<b>7.4</b>	<b>8.1</b>	<b>8.3</b>	<b>8.4</b>
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%
<b>Net income</b>		<b>2.2</b>	<b>4.3</b>	<b>2.6</b>	<b>5.2</b>	<b>5.7</b>	<b>5.8</b>	<b>5.9</b>
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
<b>Consolidated comprehensive income</b>		<b>1.6</b>	<b>3.5</b>	<b>1.7</b>	<b>4.9</b>	<b>5.7</b>	<b>5.8</b>	<b>5.9</b>
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
<b>Basic earnings per share (EUR)</b>		<b>0.23</b>	<b>0.46</b>	<b>0.27</b>	<b>0.55</b>	<b>0.60</b>	<b>0.61</b>	<b>0.63</b>
<b>Dividends per share (EUR)</b>		<b>0.20</b>	<b>0.25</b>	<b>0.22</b>	<b>0.28</b>	<b>0.30</b>	<b>0.31</b>	<b>0.31</b>
<b>Payout ratio in %</b>		<b>85%</b>	<b>54%</b>	<b>81%</b>	<b>51%</b>	<b>50%</b>	<b>50%</b>	<b>50%</b>

Source: Berentzen Group; FMR

**Berentzen-Gruppe AG - Balance Sheet**

in EURm	IFRS	2015	2016	2017	2018	2019e	2020e	2021e
<b>Assets</b>								
<b>Non-current assets</b>		<b>61.0</b>	<b>60.3</b>	<b>60.3</b>	<b>59.4</b>	<b>61.7</b>	<b>61.9</b>	<b>62.0</b>
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
<b>Current assets</b>		<b>119.9</b>	<b>128.9</b>	<b>83.1</b>	<b>85.5</b>	<b>82.5</b>	<b>87.6</b>	<b>91.4</b>
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
<b>Total assets</b>		<b>180.9</b>	<b>189.2</b>	<b>143.4</b>	<b>145.0</b>	<b>144.2</b>	<b>149.6</b>	<b>153.4</b>
<b>Shareholders' equity and liabilities</b>								
<b>Shareholders' equity</b>		<b>43.8</b>	<b>45.2</b>	<b>44.6</b>	<b>47.4</b>	<b>50.4</b>	<b>53.4</b>	<b>56.4</b>
as % of total equity and liabilities		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
<b>Non-current provisions and liabilities</b>		<b>63.8</b>	<b>13.6</b>	<b>20.0</b>	<b>19.0</b>	<b>18.5</b>	<b>17.9</b>	<b>17.3</b>
as % of total equity and liabilities		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
<b>Current liabilities and provisions</b>		<b>73.3</b>	<b>130.3</b>	<b>78.9</b>	<b>78.5</b>	<b>75.3</b>	<b>78.3</b>	<b>79.7</b>
as % of total equity and liabilities		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
<b>Total equity and liabilities</b>		<b>180.9</b>	<b>189.2</b>	<b>143.4</b>	<b>145.0</b>	<b>144.2</b>	<b>149.6</b>	<b>153.4</b>

Source: Berentzen Group; FMR

**Berentzen-Gruppe AG - Cash Flow Statement**

in EURm	IFRS	2015	2016	2017	2018	2019e	2020e	2021e
<b>Consolidated profit</b>		<b>2.2</b>	<b>4.4</b>	<b>2.6</b>	<b>5.2</b>	<b>5.7</b>	<b>5.8</b>	<b>5.9</b>
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
<b>Cash and cash equivalents generated from operating activities</b>		<b>37.3</b>	<b>17.7</b>	<b>9.4</b>	<b>8.1</b>	<b>7.8</b>	<b>16.9</b>	<b>16.0</b>
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
<b>Cash flow from operating activities</b>		<b>31.4</b>	<b>12.3</b>	<b>4.1</b>	<b>5.6</b>	<b>3.9</b>	<b>12.8</b>	<b>12.0</b>
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
<b>Cash flow from investing activities</b>		<b>-6.5</b>	<b>-6.2</b>	<b>-7.8</b>	<b>-6.5</b>	<b>-7.9</b>	<b>-7.9</b>	<b>-8.3</b>
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
<b>Cash flow from financing activities</b>		<b>-2.7</b>	<b>-2.2</b>	<b>-45.0</b>	<b>-2.1</b>	<b>-2.7</b>	<b>-2.8</b>	<b>-2.9</b>
<b>Total change in cash and cash equivalents</b>		<b>22.2</b>	<b>3.9</b>	<b>-48.7</b>	<b>-3.0</b>	<b>-6.6</b>	<b>2.1</b>	<b>0.8</b>
Cash and cash equivalents at the start of the period		41.0	63.1	67.1	18.4	15.8	9.1	11.3
<b>Cash and cash equivalents at year's end</b>		<b>63.1</b>	<b>67.1</b>	<b>18.4</b>	<b>15.5</b>	<b>9.1</b>	<b>11.3</b>	<b>12.1</b>
Overdraft facilities with banks		0.0	0.6	1.0	0.3	0.0	0.0	0.0
<b>Cash and cash equivalents</b>		<b>63.1</b>	<b>67.7</b>	<b>19.4</b>	<b>15.8</b>	<b>9.1</b>	<b>11.3</b>	<b>12.1</b>

Source: Berentzen Group; FMR

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- 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.
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  - (iii.) managed financial instruments of the issuer on a market by means of concluding purchase or sale agreements;
  - (iv.) has, within the past twelve months, concluded an agreement regarding services in connection with investment banking business or received a service or performance promise from such agreement, with issuers which either themselves or the financial instruments thereof, are the subject of the financial analysis;

- (v.) is in possession of a net sales or purchase position which exceeds the threshold of 0.5% of the total issued share capital of the issuer;
- (vi.) has concluded an agreement regarding the preparation of investment recommendations with the issuer.
- (vii.) has other significant interests with regard to the company being analysed, for example clients with the company being analysed.

Company	Disclosure(s)
Berentzen Group AG	-

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.

Neither Oddo Seydler Bank AG nor an affiliated company, nor any person who contributed to the compilation

- (i.) has an involvement in the share capital of the issuer of at least 5 per cent;
- (ii.) was involved in the management of a syndicate within the past five months that issued financial instruments of the issuer in the context of a public tender;
- (iii.) managed financial instruments of the issuer on a market by means of concluding purchase or sale agreements:
- (iv.) has, within the past twelve months, concluded an agreement regarding services in connection with investment banking business or received a service or performance promise from such agreement, with issuers which either themselves or the financial instruments thereof, are the subject of the financial analysis;
- (v.) is in possession of a net sales or purchase position which exceeds the threshold of 0.5% of the total issued share capital of the issuer;
- (vi.) has concluded an agreement regarding the preparation of investment recommendations with the issuer.
- (vii.) has other significant interests with regard to the company being analysed, for example clients with the company being analysed.

Company	Disclosure(s)
Berentzen Group AG	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

**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

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

**5. Investment recommendation details**

Investment recommendation details - stocks:

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

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

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

**6. Sensitivity of the evaluation parameters**

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

**7. Key sources of information**

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

**8. Summary of the basis for evaluation**

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

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

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

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

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