

Berentzen-Gruppe Aktiengesellschaft

Interim Report Q1/2016



This version of the Q1/2016 Interim Report is provided for the convenience of our English-speaking readers. It has been translated from the original German version, which takes precedence in all respects.

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Overview of Q1/2016

Berentzen Group: higher consolidated revenues, main earnings forecasts for the Group confirmed

Q1/2016

- Consolidated revenues: EUR 39.3 (36.4) million
- Financial performance affected by higher expenditure for marketing and trade advertising in the Spirits segment at the start of the year
- Adjusted consolidated EBIT: EUR 1.3 (1.5) million
- Adjusted consolidated EBITDA: EUR 2.9 (3.4) million
- Operating cash flow: EUR 2.1 (2.5) million
- Adjusted consolidated equity ratio: 37.4 (38.0)%
- Changes in the shareholder structure

Outlook

- Group: Main earnings forecasts for the 2016 financial year reaffirmed

(1) Business performance and economic position

(1.1) Significant events during the reporting period

There were no events of significance for the business performance or the financial performance, cash flows and financial position of the Berentzen Group during the reporting period.

There were, however, changes in the shareholder structure of Berentzen-Gruppe Aktiengesellschaft during the course of the reporting period. At the beginning of March 2016, the AURELIUS Group, which until that date had held a direct and indirect majority interest in the parent company of the Berentzen Group through AURELIUS SE & Co. KGaA, Grünwald, sold a number of common shares of Berentzen-Gruppe Aktiengesellschaft to institutional investors corresponding to approximately 21.9% of the share capital. The companies of the AURELIUS Group then still held, directly and indirectly, around 29.2% of the share capital of Berentzen-Gruppe Aktiengesellschaft. For information about later changes in the shareholder structure, please refer to the Report on subsequent events in Section (2).

(1.2) Financial performance

		Q1/2016	Q1/2015	Change
Consolidated revenues excl. spirits tax	EURm	39.3	36.4	+ 7.9 %
Total operating performance	EURm	41.1	38.9	+ 5.6 %
Consolidated EBITDA ¹⁾	EURm	2.9	3.4	- 15.9 %
Consolidated EBITDA margin ¹⁾	%	7.3	9.4	- 2.1 PP ²⁾
Consolidated EBIT ¹⁾	EURm	1.3	1.5	- 14.2 %
Consolidated EBIT margin (operating margin) ¹⁾	%	3.3	4.1	- 0.8 PP ²⁾

¹⁾ Adjusted for non-recurring items.

²⁾ PP = percentage points.

The Berentzen Group generated consolidated revenues of EUR 39.3 (36.4) million in the first three months of the 2016 financial year. Compared with the first quarter of the previous year, this 7.9% increase is primarily attributable to the Spirits and Fresh Juice Systems segments. The Non-alcoholic Beverages segment similarly performed well, while there was a decline in the revenues recorded by the Other segment, which notably includes international operations with branded spirits.

Including the change in inventories, the Group's total operating performance amounted to EUR 41.1 (38.9) million.

The expansion of the business volume was associated with an increase in the gross profit margin compared to the first quarter of 2015 and hence an increase in gross profit. Consolidated EBIT adjusted for non-recurring items amounted to EUR 1.3 (1.5) million, while adjusted consolidated EBITDA, which is based on this result, amounted to EUR 2.9 (3.4) million.

A temporary increase in the use of funds for sales activities in the Spirits segment in the first three months of financial year 2016 as well as a comparatively high level of other operating expenses in the first quarter of 2015 led to the aforementioned slight decrease in the performance metrics EBIT and EBITDA. The influence of other operating income on this result is related in particular to income from the disposal of items of property, plant and equipment, which once again reached the usual average level in the first quarter of 2016 after benefiting from an overrun in connection with the changes in the franchise business in the Non-alcoholic Beverages segment at December 31, 2014, involving a change of franchiser, during the equivalent period last year. The effects of this as well as the temporary higher expenditures for marketing and trade advertising could not be offset by lower amortisation and depreciation – in particular on intangible assets.

(1.3) Cash flows and financial position

Cash flows

		Q1/2016	Q1/2015	Change
Operating cash flow	EURm	2.1	2.5	- 0.4
Cash flow from operating activities	EURm	-8.5	-2.2	- 6.3
Cash flow from investing activities	EURm	-0.4	0.1	- 0.5
Cash flow from financing activities	EURm	-0.1	0.0	- 0.1
Cash and cash equivalents at the end of the period	EURm	54.1	38.8	+ 15.2

The total funding of the Berentzen Group presented in the Annual Report for the 2015 financial year remains unchanged at the end of the reporting period.

The operating cash flow, which excludes changes in working capital and hence documents the impact of operating profitability on the change in cash, fell to EUR 2.1 (2.5) million essentially on account of the lower consolidated EBITDA.

The cash flow from operating activities also encompasses changes in working capital. With individual asset and liability items moving in opposite directions within the total at the reporting date, a net cash outflow of EUR 8.5 (2.2) million arose in the first quarter of 2016 mainly on account of a decrease in inventories and the decrease in spirits tax liabilities due to seasonal factors, among other things.

The Group's investing activities – notably including payments for investments in property, plant and equipment – led to a net cash outflow of EUR 0.4 million. Together with the somewhat higher investment volume, in particular payments from disposals of property, plant and equipment had led to a cash inflow of EUR 0.1 million in the first quarter of 2015. The latter was related to the changes in the franchise business in the Non-alcoholic Beverages segment at the end of the 2014 financial year.

Financing activities gave rise to a net cash outflow of EUR 0.1 (0.0) million, resulting exclusively from payments made in connection with the share buy-back programme initiated by Berentzen-Gruppe Aktiengesellschaft in July 2015.

Cash and cash equivalents amounted to EUR 54.1 (38.8) million at the end of the reporting period, of which EUR 30.6 (28.5) million relates to receivables from the customer settlement accounts maintained with banks that are used to settle two factoring agreements. In particular, the lower amount of cash and cash equivalents at the end of the first quarter of 2015 was also characterised by an early partial payment of EUR 14.6 million on spirits tax liabilities arising from revenues in the Spirits and Other segments in Germany.

Financial position

		3/31/2016	3/31/2015	Change
Adjusted equity ratio	%	37.4	38.0	- 0.6 PP ¹⁾
Net debt	%	-8.3	29.8	- 38.1 PP ¹⁾
Working capital	EURm	-5.9	11.6	- 17.5

¹⁾ PP = percentage points.

The Group's asset and capital structure remains robust overall, even though there was a decline in the equity ratio for the Group at March 31, 2016 adjusted for cash and cash equivalents. The change in the net debt and working capital stems mainly from the decision not to make an early partial payment of the spirits tax liabilities at the end of the first quarter of 2016 in contrast to the previous year.

(2) Report on subsequent events

No events that could have a significant impact on the future business performance and the financial performance, cash flows and financial position of the Berentzen Group occurred after the end of the reporting period.

At this point, it is appropriate to note that a distribution agreement allocated to the Spirits segment, under which the Berentzen Group is entitled to distribute an international spirits brand in Germany, was terminated prematurely by the licensor at the beginning of April 2016. The Berentzen Group believes that this termination is unjustified and currently assumes that the contractual arrangements will nonetheless be continued and fulfilled up until the normal termination date, December 31, 2016, if not beyond.

At the end of April 2016, the AURELIUS Group sold a further tranche of shares of common Berentzen-Gruppe Aktiengesellschaft stock corresponding to around 10.4% of the share capital to an institutional investor. AURELIUS Group companies have still held around 18.8% of the share capital of Berentzen-Gruppe Aktiengesellschaft since then accordingly.

(3) Report on risks and opportunities

The primary risks consolidated into categories that could have significant detrimental effects on the Group's business activities and its financial performance, cash flows and financial position are presented in the Berentzen Group Annual Report for the 2015 financial year together with the greatest opportunities and the structure of the risk management system.

Compared with the opportunities and risks regarding the anticipated development of the corporate group in the remaining nine months of the 2016 financial year as described in the Annual Report for the 2015 financial year, there were no significant changes in the first quarter of the 2016 financial year. This includes the overall assessment opportunities and risks described therein.

(4) Outlook

		2015	Forecast for the 2016 financial year in the 2015 Forecast Report	Forecast for the 2016 financial year Q1/2016
Total operating performance	EURm	159.0	Considerable increase	Considerable increase
Consolidated EBIT ¹⁾	EURm	7.6	Sharp increase	Sharp increase
Consolidated EBITDA ¹⁾	EURm	15.7	Sharp increase	Sharp increase

¹⁾ Adjusted for non-recurring items.

The forecasts for the 2016 financial year given in the Annual Report for the 2015 financial year are each based on an unchanged corporate structure compared with the 2015 financial year and do not include any non-recurring items relevant for the forecasts.

Building on the assumption of organic development in the corporate group accordingly, the Berentzen Group reaffirms the main forecasts for the development of the Group's financial performance it made in the Annual Report for the 2015 financial year.

All in all, the Berentzen Group does not have any new information suggesting that the main forecasts and other statements regarding the anticipated development of the corporate group made in the 2015 Annual Report for the 2016 financial year have changed substantially. To summarize, a tangible improvement in the financial performance of the corporate group continues to be expected in the 2016 financial year.

The actual business performance is dependent upon the general economic and industry-specific environment and may be negatively affected by more strongly adverse changes in the underlying conditions described. Both positive and negative deviations from the forecast may also result from not only the opportunities and risks described in the Report on opportunities and risk in the Annual Report for the 2015 financial year but also from such opportunities and risks which were not identifiable when the present Interim Report was prepared.

Published by

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Further information about the Berentzen Group

Besides the present Interim Report, the following information about the Berentzen Group and Berentzen-Gruppe Aktiengesellschaft is also available on www.berentzen-gruppe.de/en/investors/:

Annual Reports including consolidated financial statements and annual financial statements
Group Half-yearly Financial Reports
Group Interim Reports
Corporate Governance reports / corporate governance declarations
Declarations of conformity by Berentzen-Gruppe Aktiengesellschaft with the German Corporate Governance Code
Ad hoc announcements
Directors' dealings
Relevant corporate press releases

2016 financial calendar

March 24, 2016	Publication of the 2015 consolidated/annual financial statements and Annual Report
May 11, 2016	Publication of the Q1 2016 Interim Report
May 12, 2016	Annual General Meeting in Munich
August 11, 2016	Publication of the 2016 Group Half-yearly Financial Report
October 27, 2016	Publication of the Q3 2016 Interim Report

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