



# BERENTZEN-GROUP

**Q1 / 2015:**

**INTERIM REPORT WITHIN THE FIRST HALF-YEAR OF 2015**

**Berentzen-Gruppe Aktiengesellschaft  
Haselünne / Germany**

Securities Identification Number  
520 163

International Securities Identification Numbers (ISIN)  
DE0005201636

The English translation of the  
Interim Report within the first half-year of 2015  
is made available for the sake of convenience.  
The German version is the definitive version



## INTERIM REPORT WITHIN THE FIRST HALF-YEAR OF 2015

### **Berentzen Group: Increase in revenue and earnings**

In the first quarter of the 2015 financial year, Berentzen Group increased Group revenue by 5.8% compared to the same quarter of the previous year. Group revenue excluding taxes on spirits amounted to EUR 36.4 million (previous year: EUR 34.4 million). The spirits business contributed to this with slight revenue growth, as did the fresh juice systems segment, which has been part of the Group since October 2014. Group earnings before interest and taxes (Group EBIT) climbed to EUR 1.5 million compared to the first quarter of the previous year (previous year: EUR -1.2 million).

### **Financial performance**

#### **Sales and revenue performance**

In the spirits business division, Berentzen Group sold a total of 18.1 million (previous year: 17.1 million) 0.7 litre bottles by the end of the first quarter of 2015; of which 15.2 million (previous year: 13.8 million) 0.7 litre bottles were sold in Germany, while 2.9 million (previous year: 3.3 million) 0.7 litre bottles were sold abroad.

Sales of branded spirits declined by a total of 2.3% compared to the same period of the previous year and amounted to 5.7 million (previous year: 5.9 million) 0.7 litre bottles as of 31 March 2015.

Sales performance was mixed in the domestic business with branded spirits in the two core brands "Berentzen" and "Puschkin", mainly due to seasonal and offer-related shifts: The umbrella brand "Berentzen" saw a decline of 7.2% compared to the same period of the previous year, while the "Puschkin" brand saw a 22.8% increase in sales. Including the other brand business, where the traditional spirits in particular achieved an increase in sales, the total sales of branded spirits within Germany increased by 1.5%.



## BERENTZEN-GROUP

The level of sales in the international spirit brands business was not able to match the successes seen in the previous year and fell by a total of 14.6% in the first three months of the current financial year. In addition to continuing structural weaknesses in the Czech Republic and the Benelux countries, the Ukraine/Crimea conflict in particular also had a negative effect on sales in the markets in Eastern Europe and the cross-border business in these and neighbouring regions. Due to the divergent performance of the foreign and domestic sales, the export share of total sales of branded spirits fell from 23.7% to 20.7%.

Sales performance in the spirit business with retail and secondary brands was also mixed. While foreign business recorded a decrease in sales of 11.5%, for similar reasons to the international spirit brands business, domestic sales increased by 14.2% in the first three months of the 2015 financial year compared to the same period of the previous year.

Berentzen Group's revenue excluding taxes on spirits in the spirits business division amounted to EUR 22.7 million (previous year: EUR 22.5 million) in the first quarter of 2015. Total revenue from spirits including taxes on spirits was up approximately 10.1% compared to the first quarter of 2014.

In the non-alcoholic beverages business division, the sales volume decreased by 9.8% in the first three months of 2015 to 0.37 million hectolitres (previous year: 0.41 million hectolitres). The production of regional mineral waters was up 5.0% and the production of soft drinks was up 6.0% compared to the first quarter of 2014, while contract bottling sales were down 9.4%. As scheduled, the new concession business was launched in this segment of the Group at the beginning of January 2015 with brand drinks from Sinalco Group. Partly for distribution structure reasons but also partly, not least, as a result of delays due to demand-related availability bottlenecks in the delivery of POS (point of



## BERENTZEN-GROUP

sale) technology, the concession brands business was much lower than expected compared to the same quarter of the previous year.

Revenue in the non-alcoholic beverages business division amounted to EUR 9.9 million (previous year: EUR 11.9 million).

The fresh juice systems segment, which has belonged to the Group since the beginning of the fourth quarter of 2014, saw very good sales performance in respect of all key system components in the first three months of the current financial year. Sales of containers in particular rose by 50.9%, but oranges also increased sales by 16.7% and juicers by 4.5%.

Revenue from the fresh juice systems business division amounted to EUR 3.8 million (previous year, pro forma: EUR 3.1 million) in the first quarter of 2015.

Against the background of the mixed sales and revenue performance in the three business divisions of spirits, non-alcoholic beverages and fresh juice systems described above, Group revenue at Berentzen Group increased by 5.8% in the first three months of the 2015 financial year.

### Earnings

The Group's earnings performance in the operating business was firstly mainly influenced by the positive contribution to earnings achieved in the fresh juice systems segment, which is included in an interim report for the first time.

With a slight increase in the Group's total performance, the Group's gross profits also improved, not least due to the developments on the raw materials markets with corresponding changes in the purchase prices for raw materials; overall the Group's cost of materials ratio fell.



## BERENTZEN-GROUP

In absolute terms, the Group's operating expenses increased, compared to the first quarter of 2014, by roughly the amount that was attributable to the fresh juice systems segment; adjusted for this amount, the Group's operating expenses were slightly down overall. The budgeted costs for the foreign Group companies operating in the international spirit brands business were still a burden on Group EBIT, albeit at a much lower level than in the same period of the previous year.

The consequences of the sales and revenue performance were correspondingly split across the financial performance of the individual segments: While segment earnings in the spirits and fresh juice systems segments improved compared to the same period of the previous year, they deteriorated in the non-alcoholic beverages segment.

Altogether, at EUR 1.5 million, Group EBIT – which takes into account neither net financial income/expense nor one-off effects impacting earnings – improved considerably in the first quarter of the 2015 financial year compared to the first quarter of the previous year, in which a loss of EUR 1.2 million was reported. Group EBITDA correspondingly climbed to EUR 3.4 million (previous year: EUR 0.5 million).

As of 31 March 2015, the Group employed 483 staff (previous year: 471).



## BERENTZEN-GROUP

### Cash flows and financial position

#### Cash flows

Berentzen Group's overall funding remains unchanged compared to the end of the 2014 financial year and is as follows:

Since October 2012, the Group's long-term funding has been covered by unsecured Berentzen-Gruppe Aktiengesellschaft bonds with an issue volume of EUR 50.0 million and a term of five years. They are listed on Deutsche Börse AG's Open Market (regulated unofficial market of the Frankfurt Stock Exchange) in the Entry Standard segment. The net issue proceeds of EUR 48.9 million from the issue of the bonds with a nominal 6.50% p.a. interest rate has been used for financing Group companies operating abroad and to build up scarce raw materials and unfinished goods. At the beginning of the fourth quarter of 2014, T M P Technic-Marketing-Products GmbH, based in Linz, Austria, was acquired using funds from the issue of the bonds; the acquisition of this company established Berentzen Group's new "fresh juice systems" segment.

In addition to this long-term funding, the use of factoring lines represents another focus of gross external financing. The total financing volume available to Berentzen Group as a result of the two existing factoring agreements, with a term until 31 March 2018, amounts to EUR 45.0 million (previous year: EUR 40.0 million). The Group also has another formal unlimited factoring line as part of three other central regulation and factoring contracts; in the first three months of the 2014 financial year this amounted to an average gross financing volume of EUR 7.6 million (previous year: EUR 6.1 million).

The financing volume from credit agreements with Berentzen Group's operating credit providers – after Berentzen Group returned an operating credit line for EUR 2.5 million that had never been used and was no longer needed at the beginning of the fourth quarter of 2014 with effect as of 31 December 2014 – totals EUR 2.7 million (previous year: EUR 5.0 million).



## BERENTZEN-GROUP

There were no repayments of long-term borrowed funds, the ongoing settlement of short and medium-term financial instruments was carried out according to plan. The Group's net cash outflow from business, investment and financing operations amounted to EUR 2.1 million in the first quarter of the financial year, following net cash inflow of EUR 3.1 million in the same period of the previous year.

### Financial position

The medium and long-term assets continue to have matching maturities, that is, are financed over the medium and long term.

The funds commitment in working capital has increased compared with the balance sheet date of the previous year. With the mixed performance seen in individual assets and liabilities included, a decrease in the liabilities had a particular impact.

The Group's equity ratio amounted to 28.0% as of 31 March 2015 (previous year: 29.0%).

### Significant events in the reporting period

On 29 April 2015, the Board of Management of Berentzen-Gruppe Aktiengesellschaft passed a resolution to convert the company's listed preferred shares into common shares. All of the company's common shares will subsequently be admitted to the regulated market of the Frankfurt Stock Exchange (General Standard). This is intended to simplify the company's complex share structure and improve its capacity to perform on the capital market.

Before this plan can be implemented, it must be approved by the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft, and a resolution must be passed by the holders of common and preferred shares during an extraordinary general meeting and a special meeting of preferred shareholders.



## BERENTZEN-GROUP

No other events of note occurred in the reporting period.

### Outlook

#### General conditions

In April 2015, the International Monetary Fund (IMF) reiterated its positive forecast for global economic growth. For the eurozone and Germany, the IMF again upped its forecast compared to its last forecast released in January 2015. The German Institute for Economic Research, which released its report around the same time, was even more optimistic about the development of gross domestic product in Germany in its joint forecast: it has almost doubled its growth forecast for German GDP compared to the forecast from autumn 2014. The development of economic conditions in the first quarter according to the report may fundamentally help Berentzen Group's business divisions until the end of 2015. The company believes, however, that these conditions are likely to have only a limited impact. Depending on future developments, the expanded, global political crises and conflicts seen in 2014, particularly in Ukraine, but also in isolated spots in Europe, may have a specific noticeable detrimental effect.

Accordingly, for the German and also the – heavily fragmented – European spirits market as a whole, a continuation of the stagnant sales performance is to be expected at best, and therefore exogenous growth momentum can hardly be expected. Sales performance in Berentzen Group's remaining markets for spirits will remain mixed – including with respect to the markets in the Czech Republic and the Benelux countries. Making valid sales forecasts for Turkey remains difficult due to a large number of uncertainties that could influence developments, such as regulatory obstructions, the current social and domestic political conditions and conflicts near the borders, but also the impact of the Russian economic crisis. Nevertheless, market researchers from Euromonitor believe that sales growth is possible for the Turkish spirits market as a whole and for the US market in the current year. Stabilisation at close to the high level of previous years is expected for national and international business with retail and secondary brands.





## BERENTZEN-GROUP

The sector-specific economic conditions also remain mixed in the non-alcoholic beverage business depending on the product category. While the positive sales trend for natural mineral water is expected to continue in 2015, another slight decrease is to be expected in soft drinks due to a continuing increase in consumer awareness regarding healthy nutrition. Overall, a stable sales situation is expected on the market, which, however, traditionally depends not least on favourable weather conditions in spring and particularly summer for the consumption of non-alcoholic beverages.

For the fresh juice systems segment, internal estimates lead Berentzen Group to expect that the already long-term trend toward more conscious and healthy nutrition will continue, which will have a positive impact on the sales development already shown.

### **Business operations**

All in all, the focus of Berentzen Group's business operations in the 2015 financial year will remain focused on achieving growth and increasing profitability, or at the very least, stabilising it via the strategic optimisation and orientation of the individual business areas.

One of the main goals of the spirits segment is to continue the revitalisation of the “Berentzen” brand begun in the last two financial years. With a continued focus on the two umbrella brands “Berentzen” and “Puschkin”, plans include establishing the recently introduced market innovations and the launch of further market innovations as well as a further optimisation of distribution structures. The heart of the advertising measures will be online and social media communication in line with the media usage behaviour of younger target groups. The targets in the international branded spirits business are mainly directed towards consolidating or regaining growth momentum in the traditional foreign markets, above all the Czech Republic and the Benelux countries. As regards foreign business in the Turkish market, the main focus is not just on maintaining the previously attained sales and revenue growth but also increasing gross profit. For the spirit business with retail and secondary brands, the main aim will be to follow up on the distribution



## BERENTZEN-GROUP

strategy that has been introduced – in line with the trend toward premium products at brand level – particularly by designing and planning innovative products and offers.

In the non-alcoholic beverages segment, the development of our own regional water and trend brands, focussing on the products “Mio Mio Mate” and “Mio Mio Cola” will be one of the two main tasks for this financial year. The second main task will be successfully shaping the concession business with brand beverages from Sinalco Group launched at the beginning of the year and the integration of the contract bottling for these products that is additionally taking place. Following developments in the first quarter of 2015, this task will now be prioritised even more. The challenge will be to overcome the effects of the obstacles to implementation mentioned above as far as possible by the end of the current financial year.

For the fresh juice systems segment, tapping into sales potential in Germany will also be a considerable focus in the 2015 financial year, along with the planned successive consolidation of the domestic market in Austria and the expansion of business on the American market. An additional distribution business was acquired in the German market by the distribution organisation of the non-alcoholic beverages segment for this purpose in April 2015. Additional technical innovations being introduced in the fruit juicer system components division will offer support in achieving these targets.

### **Expected development of the Group**

The forecasts made in the 2014 Annual Report for the 2015 financial year are based on the Group structure remaining unchanged from the year 2014, and do not take into account any one-off effects relevant to the forecast.

Accordingly, based on the Group's organic performance, Berentzen Group largely reiterates the forecast made in the 2014 Annual Report on the basis of the developments expected for the 2015 financial year that are mentioned above. Particularly with regard to its financial performance, Berentzen Group continues to anticipate a slight increase for



## BERENTZEN-GROUP

the spirits business divisions and anticipates a considerable increase and positive segment for the Other Segments, which earnings particularly encompass the foreign business with branded spirits (contribution margin in line with marketing budget) for the 2015 financial year. Segment earnings roughly on a par with the previous year are expected for the non-alcoholic beverages business division. As regards the fresh juice systems segment, which has only been part of the Group since October 2014, Berentzen Group anticipates segment earnings significantly above the positive segment earnings achieved in the 2014 financial year not just based on the first-time full-year contributions to be attributed to the Group. The Group also maintains its forecast of achieving a clear improvement in Group EBIT.

Overall, Berentzen Group has no new information that leads it to believe that the forecasts provided or other statements made in the 2014 Annual Report for the 2015 financial year regarding the anticipated performance of the Group have changed significantly. In summary, the Group continues to expect noticeably positive development in financial performance and virtually equally good, solid cash flows and financial position in the 2015 financial year.

Actual business performance is dependent on the macroeconomic and sector-specific environment, and may be negatively impacted by disadvantageous changes to the general situation described. In addition, both positive and negative deviations from the forecasts may result not only from the risks and opportunities included in the 2014 Annual Report and described there in the risk and opportunities report, but also from risks and opportunities that are not recognisable at the time of publishing this interim report.

Haselünne, 6 May 2015

### **BERENTZEN-GRUPPE AKTIENGESELLSCHAFT**

The Board of Management