

# Berentzen-Gruppe Aktiengesellschaft

## Interim Report Q3 / 2017



This version of the Q3/2017 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 Q3/2017

**Berentzen Group: Increase in consolidated revenues, key performance indicators for the Group clearly positive, but below previous year.**

### Q3/2017

- Consolidated revenues: EUR 126.4 million (EUR 124.7 million).
- Consolidated EBIT: EUR 5.0 million (EUR 7.0 million).
- Consolidated EBITDA: EUR 10.4 million (EUR 12.0 million).
- Operating cash flow: EUR 8.9 million (EUR 10.5 million).
- Equity ratio: 24.5% (25.4%)

### Outlook

- Group: Adjusted earnings forecast for the 2017 financial year confirmed.

## (1) Business performance and financial 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.

### (1.2) Financial performance

		Q3/2017	Q3/2016	Change
<b>Consolidated revenues excl. spirits tax</b>	<b>EURm</b>	<b>126.4</b>	<b>124.7</b>	<b>+ 1.4 %</b>
Spirits segment	EURm	72.8	73.2	- 0.5 %
Non-alcoholic Beverages segment	EURm	38.5	36.0	+ 6.9 %
Fresh Juice Systems segment	EURm	15.1	15.5	- 2.6 %
<b>Consolidated EBITDA</b>	<b>EURm</b>	<b>10.4</b>	<b>12.0</b>	<b>- 13.3 %</b>
<b>Consolidated EBITDA margin</b>	<b>%</b>	<b>8.2</b>	<b>9.6</b>	<b>- 1.4 PP <sup>1)</sup></b>
<b>Consolidated EBIT</b>	<b>EURm</b>	<b>5.0</b>	<b>7.0</b>	<b>- 28.6 %</b>
<b>Consolidated EBIT margin (operating margin)</b>	<b>%</b>	<b>4.0</b>	<b>5.6</b>	<b>- 1.6 PP <sup>1)</sup></b>

<sup>1)</sup> PP = percentage points.

The Berentzen Group generated consolidated revenues of EUR 126.4 million (EUR 124.7 million) in the first nine months of the 2017 financial year. This corresponds to an increase in revenue of 1.4%.

In the *Spirits* segment there was a fall in revenue of 0.5% in comparison to the same interim reporting period of the previous year on account of a slight decline in the business with branded dealer and private-label products, whereas the domestic and international branded business both reported a moderately positive development in terms of revenue. The *Berentzen* and *Puschkin* brand spirits in particular returned revenue growth totalling 9.5% on the cumulative third quarter of the previous year. With a rise of 6.9%, the revenues in the *Non-alcoholic Beverages* segment saw a positive development. A significant contribution to this came from the drinks distributed under the Group's *Mio Mio* brand that brought about revenue growth of 67% on the equivalent period of the previous year. In contrast, the franchise business with the *Sinalco* brand merely remained stable in comparison to the first nine months of the 2016 financial year. Although the revenues from the sale of fruit presses have risen, the *Fresh Juice Systems* segment reported an overall fall in revenue of 2.6% in comparison to the previous-year period on account of significantly lower revenues from the business with fruit (oranges).

Despite an expansion of the business volume, consolidated EBIT adjusted for special effects (non-recurring items) decreased, standing at EUR 5.0 million (EUR 7.0 million). The adjusted consolidated EBITDA based on this figure came to EUR 10.4 million (EUR 12.0 million). The decline in the performance metrics EBIT and EBITDA in the first nine months of the 2017 financial year is not only attributable to a decrease in gross profit but also to a rise in operating costs. In this context, the rise in spending on trade advertising and significantly higher transport and selling expenses in the *Non-alcoholic Beverages* segments and the rise in expenditure on safeguarding supplies and quality assurance for the system component fruit (oranges) in the *Fresh Juice Systems* segment should be highlighted.

**(1.3) Cash flows and financial position****Cash flows**

		Q3/2017	Q3/2016	Change
<b>Operating cash flow</b>	EURm	8.9	10.5	- 1.6
<b>Cash flow from operating activities</b>	EURm	- 3.6	0.4	- 4.0
<b>Cash flow from investing activities</b>	EURm	- 4.2	- 3.6	- 0.6
<b>Cash flow from financing activities</b>	EURm	- 2.3	- 2.2	- 0.1
<b>Cash and cash equivalents at the end of the period</b>	EURm	57.0	57.8	- 0.8

The total funding of the Berentzen Group presented in the Annual Report for the 2016 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, decreased to EUR 8.9 million (EUR 10.5 million) essentially on account of the lower consolidated EBITDA.

The cash flow from operating activities also encompasses changes in working capital. In the first nine months of the 2017 financial year, this resulted in a net cash outflow of EUR 3.6 million (net cash inflow of EUR 0.4 million). This is firstly attributable to the fall in operating cash flow in comparison to the previous year that is contained in this figure. Secondly, movements in opposite directions on the part of the current asset and liability items included, stemming in particular from the fall in trade payables on account of the cut-off date, were responsible for this development.

The increase in the Group's investing activities – notably including payments for investments in property, plant and equipment – led to a net cash outflow of EUR 4.2 million (EUR 3.6 million). In this respect, payments for primarily growth-related investments in empty containers in the *Non-alcoholic Beverages* segment amounted to EUR 2.3 million (EUR 1.0 million).

Financing activities gave rise to a net cash outflow of EUR 2.3 million (EUR 2.2 million), resulting in the reporting period exclusively from the dividend payment of EUR 2.3 million (EUR 1.9 million). In the previous year, there were payments in this context of EUR 0.3 million for the share buy-back programme initiated by Berentzen-Gruppe Aktiengesellschaft in July 2015 that came to a conclusion in May 2016.

All in all, cash and cash equivalents totalled EUR 57.0 million (EUR 57.8 million) at the end of the interim reporting period, of which EUR 25.6 million (EUR 28.2 million) relates to receivables from the customer settlement accounts maintained with banks that are used for settlement under two factoring agreements.

## Financial position

		09/30/2017	09/30/2016	Change
<b>Equity ratio</b>	%	24.5	25.4	- 0.9 PP <sup>1)</sup>
<b>Dynamic gearing ratio</b>	Ratio	- 0.40	- 0.43	+ 0.03

<sup>1)</sup> PP = percentage points.

The Group's asset and capital structure remains robust overall. The equity ratio fell slightly to 24.5% (25.4%). The minus sign in front of dynamic gearing ratio as a performance indicator means that cash and cash equivalents exceed non-current and current financial liabilities and that, in this respect, there is no net debt recorded on the statement of financial position. This figure illustrates the Berentzen Group's ongoing ability to service its debt.

## (2) Report on subsequent events

Berentzen-Gruppe Aktiengesellschaft repaid the Berentzen 2012/2017 bond issued in October 2012 (ISIN: DE000A1RE1V3) with an issue volume of EUR 50.0 million on October 18, 2017 as planned. Against the backdrop of a favourable financing environment, the Berentzen Group has already safeguarded its future financing needs by means of a syndicated loan concluded on December 21, 2016 together with a consortium of banks. The loan has a funding volume of an initial EUR 25.5 million and an initial term of five years.

## (3) Report on opportunities and risks

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 2016 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 three months of the 2017 financial year as described in the Annual Report for the 2016 financial year, there were no significant changes in the third quarter of the 2017 financial year. This includes the overall assessment opportunities and risks described therein.

#### (4) Outlook

		2016	Forecast for the 2017 financial year in the 2016 Forecast Report	Forecast for the 2017 financial year Q3/2017
Consolidated revenues	EURm	170.0	170.4 to 179.2	unchanged
Consolidated EBIT	EURm	10.5	11.2 to 12.4	9.1 to 10.1
Consolidated EBITDA	EURm	17.5	17.8 to 19.7	16.0 to 17.7

At the end of the third quarter of 2017, the Berentzen Group confirms its forecast made in the Annual Report for the 2016 financial year regarding consolidated revenues.

Mid-September 2017, the Berentzen Group updated its forecast concerning the Group's financial performance for the 2017 financial year that it had made in the Annual Report for the 2016 financial year and confirmed in the 2017 Group Half-yearly Financial Report. In this respect, the forecast for the consolidated operating profit (consolidated EBIT) was lowered to between EUR 9.1 million and EUR 10.1 million and consolidated operating profit before amortisation and depreciation (consolidated EBITDA) to between EUR 16.0 million to EUR 17.7 million. This development was mainly due to a level of gross profit which will probably be lower than originally expected in the *Non-alcoholic Beverages* and *Fresh Juice Systems* segments. This updated forecast remains in place.

In each case, the forecasts are based on a corporate structure unchanged in comparison to the 2016 financial year and are, furthermore, dependent on the general economic and industry-specific environment. With regard to the fourth quarter of 2017, the seasonal influences and the associated greater volume of business activities in the *Spirits* segment towards the end of the year should additionally be highlighted. Conclusions drawn from the course of business over the first nine months of the 2017 financial year give us reason to anticipate positive earnings performance in the fourth quarter of 2017 – specifically in comparison to the fourth quarter of the 2016 financial year. Furthermore, it is assumed for the *Fresh Juice Systems* segment that the shift, due to the harvest cycle, in the cultivation areas where the system component fruit (oranges) is procured will lead to normalisation of the margin and cost situation in this respect as of November 2017 onwards.

The opportunities and risks described in the Report on opportunities and risk in the Annual Report for the 2016 financial year and also such opportunities and risks which were not identifiable when the present Interim Report was prepared may likewise have an impact on the forecast.



## Information about the publisher

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Publication date: October 27, 2017

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## Additional information about the Berentzen Group

In addition to the present Interim Report, the following information about the Berentzen Group is available at [www.berentzen-gruppe.de/en/investors](http://www.berentzen-gruppe.de/en/investors):

Annual reports, including the consolidated and separate financial statements
Group half-yearly financial reports
Group interim reports and Group interim announcements
Corporate governance reports / Corporate governance declarations
Declarations of Conformity with the German Corporate Governance Code
Publications concerning insider information (ad hoc notices)
Publications concerning directors' dealings (managers' transactions)
Press releases of the corporate group

## Financial calendar 2017

March 23, 2017	Publication of consolidated and separate financial statements and 2016 Annual Report
May 10, 2017	Publication of the Q1/2017 Interim Report
May 19, 2017	Annual General Meeting in Hanover, Hannover Congress Centrum (HCC), Niedersachsenhalle
August 14, 2017	Publication of the 2017 Group Half-yearly Financial Report
October 27, 2017	Publication of the Q3/2017 Interim Report

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